



Daily Report

East Asia

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Japan

Upcoming Insurance Sector Negotiations Previewed

OW2308095794 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 21 Aug 94 Morning Edition p 3

[Unattributed article]

[Text] It has been learned that in the insurance sector negotiations held under the Japan-U.S. economic framework talks, the U.S. Government has asked the Japanese Government to survey the actual sales of automobile insurance in the Japanese market. The U.S. Government is believed to have made the request after concluding that damage insurance companies in Japan are blocking American insurance firms from gaining access to the Japanese market through the business practice of keiretsu sales, which is shored up by close business ties between them and automobile sales companies in Japan. The U.S. Government is demanding that the Japanese Government announce measures to redress this practice on the basis of the survey outcome, thereby pitting itself against the Japanese Government. The insurance sector negotiations will resume 23 August. The issues of handling objective criteria and automobile insurance are expected to be focal points in the negotiations. The view is spreading within the Japanese Government that it will be difficult to resolve those issues in the upcoming negotiations.

With regard to automobile insurance under which insurance money is paid for car accidents and casualties, in many cases, automobile sales companies introduce their customers to the insurance commodities [hokenshohin] of damage insurance companies with which they maintain business ties. Only a small number of costumers conclude insurance contracts after examining several insurance commodities offered by the insurance companies. American damage insurance firms, which have relatively weak business ties with automobile sales companies, have complained, saying: "We are given little opportunity for selling our insurance commodities."

Therefore, the U.S. Government is asking the Japanese Government to redress the business practice by pointing out that the automobile sales companies are maintaining a business relationship akin to keiretsu with the damage insurance companies. The Japanese Government is responding to the U.S. Government's request by claiming: "The business practice is a result of the damage insurance companies' efforts to sell their insurance and that the government cannot interfere in their business practice." According to an American official, there is a high possibility that the U.S. Government will ask the Japanese Fair Trade Commission to probe into whether or not the practice of keiretsu sales impedes competition.

With regard to the keiretsu issue in the insurance sector, the U.S. Government has long taken issue with a high

level of automobile insurance contracts by damage insurance companies affiliated with former business conglomerates. The U.S. Government views the automobile insurance as akin to keiretsu and the keiretsu issue has become a focal point in the negotiations that are in a final stage.

The insurance sector negotiations will resume in Seattle 23 August after a hiatus of one and a half months. In the negotiations, the Japanese have so far indicated that Japan intends to introduce a "brokerage system," an intermediary system for insurance commodities and flexibly approve the premium rate of automobile insurance.

In addition to the keiretsu issue, the Japanese Government has yet to deregulate handicapped and medical home-care insurance in which foreign insurance companies excel. Some Finance Ministry officials are saying that it would be difficult to resolve those issues in the upcoming insurance sector negotiations.

Finance Minister Positive

OW2308034394 Tokyo KYODO in English 0329 GMT
23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Finance Minister Masayoshi Takemura expressed his optimistic view Tuesday that an agreement can soon be reached in the Japan-U.S. insurance talks, which reopen later in the day in Seattle as one of the priority areas of the bilateral trade framework negotiations.

"I think an accord can be achieved once both sides make a final decision," Takemura said at a press conference.

Takemura said that as far as foreign access to the Japanese insurance market is concerned, the two countries can agree on "objective criteria," which have been a stumbling block in the other two priority areas of automobiles and government procurement.

Foreign Minister Yohei Kono and International Trade and Industry Minister Ryutaro Hashimoto will discuss these latter two priority issues next month with U.S. Vice President Al Gore and U.S. Trade Representative Mickey Kantor, Takemura said.

Although the finance minister said, "We don't recognize that the entire framework talks must be settled within September," he added Japan will make every effort to settle the negotiations by the end of next month.

The U.S. set a deadline of Sept. 30, after which it may impose sanctions against Japan unless agreement is reached in the bilateral government procurement talks.

Accord With U.S. 'Likely'

OW2208123394 Tokyo KYODO in English 1127 GMT
22 Aug 94

[Text] Tokyo, Aug. 22 KYODO—Japan and the United States are scheduled to resume trade talks on Japan's

insurance market on Tuesday [23 August] in Seattle, but any accord that may emerge is likely to contain little substance.

The insurance issue is one of three priority areas in talks designed to work out a new framework for bilateral trade. The two others involve government procurement and automotive trade.

Japanese officials have suggested that an accord on insurance is likely to be by and large a matter of merely formality since the government has little power to influence what are essentially decisions made by individuals in choosing insurance products.

Through past negotiations, Washington criticized Japan's interwoven corporate affiliations, known as keiretsu, as a nontariff barrier preventing foreign access to the Japanese insurance market.

Japan argued that a governmental agreement will not help American insurers enhance their market share in Japan since it is unrealistic for the government to ask individual customers to sign contracts with U.S. firms.

Major Japanese insurance companies said keiretsu transactions account for only 4.0 percent of their total sales.

The liberalization of Japan's insurance market will pave the way for life and nonlife insurers to enter their respective markets, enabling Japanese firms to break into U.S.-dominated insurance areas such as income compensation for hospitalized customers and coverage of the costs of caring for ailing family members.

Japan has offered to take administrative steps to delay Japanese insurers from entering the U.S.-dominated business areas, the officials said.

Automakers on U.S. Domestic Content Labeling Law

OW2308011994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Aug 94 Morning Edition p 9

[By correspondent Motohiro Matsumoto]

[Text] New York, 19 August—It has become certain that the U.S. automobile labeling law, whose introduction has been called for by the U.S. Big Three, will take into effect in October. The law stipulates that automobiles marketed in the United States should have labels indicating the ratio of North American parts and materials procured locally. Japanese automakers have strongly opposed the introduction of the law, claiming that it is a kind of buy-American law discriminating against Japanese cars. Now that the U.S. Department of Transportation [DOT] made a final decision on rules concerning the enforcement of the law, it has become certain the law will be put in force in October. This has created a commotion among Japanese auto manufacturers.

The labeling law was approved in both the upper and lower houses in October 1992, and former President

George Bush signed it the same month. After that, the DOT's National Highway Traffic Safety Administration studied details for the enforcement of the law. However, because it took time to coordinate the interests of U.S. makers supporting the law and those of Japanese and European makers opposed to the law, it was once uncertain whether the law would be put in force in October 1994 as initially planned.

The law obligates all automakers of the United States, Japan, and Europe to put labels on the windshields of each passenger car and small truck to indicate: 1) ratios of locally-procured U.S. and Canadian parts; 2) the place of final assembly; and 3) the origin of engine and transmission production.

Local content ratios are calculated once a year for each model, based on projected annual sales volume. In the case of the "Camry," a compact sedan manufactured by Toyota Motor Corporation, its local content ratio is made of the average of ratios of the model produced in the United States and that manufactured domestically and exported to the United States. Thus, the higher the ratio of the model domestically produced by using few North American parts, the lower its average local content ratio.

The law also sets severe criteria concerning whether or not parts procured from Japanese firms' affiliates in the United States should be counted in calculating local content ratios. These criteria are likely to make local content ratios much lower than those calculated by Japanese automakers with a conventional formula.

In the process of studying details on the enforcement of the law, the DOT accepted some assertions that Japanese makers had made. But on the whole, the law bears a strong buy-American nature as initially planned. Thus, Japanese carmakers have voiced deep dissatisfaction. A senior official at a Japanese automaker said: "The enactment of the labeling law means Washington has given tacit permission for buy-American movements." They are worried how American consumers' purchasing behavior will be affected after the law is put in force.

Tokyo Finds No Evidence of Bid Rigging for U.S.

OW2308074394 Tokyo KYODO in English 0717 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—The United States has offered a compromise proposal to some 70 Japanese companies accused by Washington of rigging bids for construction projects at a U.S. naval air base southwest of Tokyo, industry sources said Tuesday [23 August].

The construction, civil engineering, electric and paving companies sought to work on projects at the U.S. Atsugi base in Ayase, Kanagawa Prefecture.

The U.S. authorities at first demanded the companies pay a total of some 1.1 billion yen in compensation for allegedly rigging bids, and thus damaging U.S. interests.

The new proposal asks those which won contracts to pay back 22.4 percent of the successful bid price, and those which only participated in the bidding to pay 500,000 yen per bid, the sources said.

The U.S. demands to know by next Monday whether or not the companies accept the proposal.

Construction Minister Koken Nosaka told a press conference Tuesday that it is not appropriate for the ministry to take action since investigations by the Fair Trade Commission (FTC) found no evidence of bid-rigging.

"In the current situation, the issue should be dealt with by the companies themselves," he said.

One of the construction companies accused by the U.S. told Kyodo News Service that it will not accept the compromise proposal because there was no bid-rigging, as also concluded by the FTC.

Defense Technology Exchanges With U.S. Proposed

OW2208131994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Aug 94 Evening Edition p 1

[Text] As part of defense technology exchanges between Japan and the United States, the Defense Agency [DA] has proposed five areas for collaborative work, including improving the F-15 fighter's capability and enhancing antisubmarine warfare technology. The two countries plan to discuss in detail these areas at a working-level meeting scheduled to be held in mid-September. The Pentagon has called for carrying out a technology-for-technology (TFT) plan, under which Japanese civil-product technology will be exchanged with U.S. weapons technology. The DA intends to comply with the U.S. request through collaborative work.

The five areas for collaborative work the DA has proposed to the Pentagon are: 1) improving F-15 fighter's capability; 2) enhancing antisubmarine warfare technology; 3) developing remote-control mine disposal technology; 4) developing a highly accurate torpedo with a high probability of hitting its target; and 5) developing and designing equipment called CALS [expansion unknown] and electronizing procedures for procuring CALS. The proposal was delivered to a Pentagon official in charge by a senior official of the DA's Equipment Bureau when he visited the United States in July. The United States has shown reluctance to give torpedo technology to Japan. This and other details will be discussed in mid-September.

In the postwar era, defense-related technology has been transferred to Japan through license production of U.S. weapons. However, U.S. Secretary of Defense William Perry has called for a "two-way" flow of technology, thus proposing a TFT plan for the exchange of U.S. weapons technology for Japanese civil-product technology.

The United States has shown an interest in Japanese techniques for liquid crystal displays, ceramics, and

other products. These techniques, however, belong to private corporations. Concluding that it is impossible to press private firms to transfer their technology to the United States, the DA has decided to propose collaborative work, through which it aims to facilitate voluntary exchanges of technology. For budget reasons, it is difficult to start collaborative work in fiscal year 1995. Thus, with the purpose of kicking it off in fiscal year 1996, the DA is to continue discussions with the United States.

In its report submitted to the prime minister on 12 August, the "Defense Policy Council," an advisory panel to the premier (chaired by Asahi Breweries Chairman Hirotaro Higuchi), has also expressed positive views on exchanges of defense technology between Japan and the United States.

Murayama Departs on Southeast Asian Tour

OW2308030594 Tokyo KYODO in English 0251 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Prime Minister Tomichi Murayama departed Tuesday [22 August] for the Philippines, the first destination in an official eight-day tour of four Southeast Asian countries.

Murayama, Japan's first socialist prime minister in 47 years, will reassure the countries he visits of the continuity of Japan's key foreign policy and demonstrate its emphasis on the region, Chief Cabinet Secretary Kozo Igarashi said.

He will arrive in Manila later Tuesday and is scheduled to hold talks with Philippine President Fidel Ramos on Wednesday.

Murayama will then visit Vietnam on Thursday and Friday, becoming the first Japanese prime minister to go there since the Vietnam war ended in 1975.

Murayama, who took office in late June, is scheduled to meet three Vietnamese leaders—Prime Minister Vo Van Kiet, President Le Duc Anh and Do Muoi, secretary general of the Vietnamese Communist Party.

The 70-year-old premier will also visit Malaysia from Friday through Sunday and confer with Malaysian Prime Minister Mahathir Mohamed.

Murayama will proceed to his final destination of Singapore on Sunday and hold talks with Singaporean Prime Minister Goh Chok Tong on Monday. He will return home Aug. 30.

Prior to his departure from Tokyo's Haneda Airport, Murayama said Japan puts emphasis on Asia and is a member country of the region.

He also told reporters at his official residence that he hopes the visit will deepen understanding and friendship with the four countries.

Continued Report on Reaction to Renewed Yen Surge**Takemura 'Concerned'**

OW2308031894 Tokyo KYODO in English 0302 GMT
23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Finance Minister Masayoshi Takemura expressed concern Tuesday [23 August] over the yen's recent resurgence against the dollar.

"I regret the yen's resumed rise after a momentary fall when bright signs are finally emerging in the economy," Takemura said at a press conference after a regular cabinet meeting.

Takemura said short-term quick and unstable movements in the currency market on speculative moves are undesirable, reiterating that the government will continue making efforts to stabilize exchange rates by timely and appropriate measures.

Noting Japan's official discount rate is at a lower level, Takemura showed prudence in cutting the key rate as a way to check the dollar's further decline against the yen.

The yen's strength seems to follow the German mark's gain against the dollar as Germany left its base rates unchanged despite a U.S. hike in its key rate, Takemura said.

"It is difficult to explain the relationship between interest rates and foreign exchange rates," he said.

Meanwhile, Takemura reiterated that the government may not be able to make comprehensive tax reform, including multiyear tax cuts, into law by the end of the year as promised at the Group of Seven summit in Naples.

The failure to keep the promise could cause more volatility in the dollar-yen rate on speculations over renewed disputes with the United States, which has been strongly calling on Japan for income tax cuts to boost domestic demand and reduce its huge trade surplus.

"It is extremely difficult to settle the tax reform issue by the year-end under the current tight schedule," Takemura said, while stressing that the government's policy remains unchanged.

The current timetable is that the government decides and drafts a package of tax reform bills after a project team of the ruling coalition parties draws up concrete plans in mid-September.

The bills will be submitted at an early stage of an extraordinary Diet session expected to be convened in late September.

Hashimoto Worried

OW2308035994 Tokyo KYODO in English 0335 GMT
23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—International Trade and Industry Minister Ryutaro Hashimoto on Tuesday

[23 August] voiced a grave concern over the yen's renewed strength against the dollar.

"I view the present currency market situation as very severe (for Japanese corporations)," Hashimoto told a regular press conference after the day's cabinet meeting.

"I am very worried that the latest yen rise may throw a chilly water on Japan's economy at a time when it has begun taking a first step forward," Hashimoto said.

Hashimoto said the currency market's instability would not fade away immediately unless Japan's current account surplus with the rest of the world shows a sign of a steady decrease.

He said the government should urgently revise the 10-year public works spending program in order for the black ink to be reduced to adequate levels.

Hashimoto said Monday the 430 trillion yen public works project from 1991 to 2000 should be reviewed both in terms of quality and quantity.

In line with this request, Prime Minister Tomiichi Murayama instructed the Economic Planning Agency (EPA) on Tuesday to work on the revision of the public works spending plan. He also asked the EPA to review a controversial tax reform plan.

Hashimoto said he hopes government efforts, including the expanded public works spending, will help bring the yen-dollar exchange rate to "stable levels which corporations can tolerate."

The dollar slipped below 100 yen again recently and was trading Tuesday morning in the upper half of 97 yen.

Whether or not Japan can wrap up the tax reform plan before Hashimoto's coming visit to the United States, the trade minister said, "I am neither optimistic nor pessimistic."

Hashimoto plans to meet U.S. Trade Representative Mickey Kantor and Commerce Secretary Ron Brown in Washington in early September, before attending the quadrilateral trade ministerial meeting set for Sept. 9-11 in Los Angeles.

During the Los Angeles gathering, macroeconomic issues will probably be raised from various angles, Hashimoto said.

Asked about the issue of part-time stewardesses at Japan Airlines (JAL), Hashimoto showed understanding of an administrative guidance issued by the transport minister.

JAL recently dropped a plan to use part-time flight attendants as part of cost-cutting efforts after Transport Minister Shizuka Kamei urged the airline to scrap it, citing safety concerns.

Kamei said teamwork problems could arise between full-time stewardesses and part timers in the event of emergency.

"The transport minister's raising concern over emergency teamwork is understandable," Hashimoto said, while also showing understanding of JAL's efforts to cut labor costs by hiring part-timers at about a quarter the pay of full-timers.

What to do about employment of females is not the sole question surrounding the JAL issue, Hashimoto said. Safety should be also addressed in the current dispute between the transport minister and JAL, he said.

Nissan To Procure U.S. Parts

OW2308064894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Aug 94 Morning Edition p 10

[Text] Nissan Motor Company will procure a major component of its automatic transmissions in the United States beginning in early 1996. The Japanese automaker will procure 3-billion yen worth of the automatic transmission component every year from its locally-incorporated Japanese auto parts maker in the United States to build automobiles and minivans in that country. Japanese automakers operating in the United States are boosting their procurement of U.S.-made engines and auto parts, but they have so far used Japanese-made automatic transmission components. In the face of the appreciated yen, Nissan Motor Company has decided to purchase automatic transmission components made in the United States in a bid to strengthen its price competitiveness on the U.S. vehicle market. As a result, the foundation has been laid for Nissan Motor Company to increase the ratio of its local content in the United States from 70 percent to 80 percent.

The automatic transmission component the Japanese automaker intends to procure in the United States, is "torque converter." The Japanese automaker plans to purchase 300,000 torque converters every year from "Daikin Clutch," a Michigan-based locally-incorporated Japanese auto parts maker of Daikin Company which is a subsidiary of Nissan Motor Company. The torque converter will be used to build such automobiles as the "Ultima" and the "Quest." The Japanese automaker plans to spend 1 billion yen to install inspection and assembly equipment at the Nissan Automobile Manufacturing Company in Tennessee.

The automatic transmission is the most important auto part which determines the function of automobiles. All Japanese automakers, except Mitsubishi Motors Corporation, which operate in the United States have imported Japanese-made automatic transmissions. Nissan Motor Company has thus far supplied the automatic transmission to Nissan Automobile Manufacturing Company after procuring it from Daikin Company in Japan. However, as the yen has appreciated to the level of about

100 to the dollar the prices of Japanese-built automobiles on the U.S. vehicle market have been on the rise, and Nissan Motor Company aims to keep its automobiles competitive on the market by procuring automatic transmissions in the United States.

The present, Nissan Motor Company has a 70-percent ratio of local content in the United States. Nissan Motor Company at first studied the possibility of manufacturing the entire automatic transmission in the United States, but it found that the construction of a plant and the installment of equipment in the plant is estimated at 30 billion yen. The Japanese automaker, therefore, has decided to procure the automatic transmission component made by Daikin Clutch. There is a possibility that in response to the move by Nissan Motor Company, other major Japanese automakers like Toyota Motor Corporation will rush to procure automatic transmission components in the United States.

In March this year, Nissan Motor Company announced a "new international cooperation program" aimed at expanding the amount of its procurement of U.S.-made auto parts to \$3.4 billion by 1997, and the latest decision by the Japanese automaker will give a stimulus to promoting the program. Nissan Motor Company aims to promote the supply of auto parts by its auto parts plant in the United States to its automobile plant in Mexico by taking advantage of the North American Free Trade Agreement [NAFTA].

The procurement of the automatic transmission component by Nissan Motor Company will not lead to a hollowing out of its domestic auto parts plants, because it procures it from its affiliated auto maker in the United States for use by its locally-incorporated auto plant in the United States. With the sales of auto parts stagnant at home, however, it is feared that its procurement of the automatic transmission component in the United States could lead to a hollowing out of the "domestic auto parts industry."

Sony To Shift Investment Abroad

OW2308001694 Tokyo KYODO in English 0005 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Sony Corp. is planning to freeze fresh domestic capital spending on consumer audiovisual (AV) equipment and shift such investment to Asian countries following the sharp appreciation of the yen against the dollar, a major business daily reported Tuesday [23 August].

The NIHON KEIZAI SHIMBUN said Sony will shift its plant investment to China, India and Vietnam, while beefing up its research and development facilities in Europe and the United States.

The daily said Sony is currently waiting for permission to construct a wholly invested color television plant in India, and facilities to make radio-cassette and videocassette recorders in Vietnam.

It said Sony already produces 45 percent of its AV equipment abroad and since more than 80 percent of its AV equipment are sold overseas, the company is trying to facilitate a local production system.

According to the daily, it is the first time a Japanese electric appliance manufacturer has expressed an intention to quit fresh domestic investments.

Limited Impact on Domestic Jobs

OW2308024694 Tokyo KYODO in English 0238 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—The impact on Japan's labor market of the yen's latest spurt against the dollar appears to be less serious than that of last year, at least so far, according to the results of a survey released by the Labor Ministry on Tuesday [23 August].

According to the survey done after the dollar fell to less than 100 yen in June, 61 percent of companies said they are still not planning to cut their workforce even with the latest appreciation, compared with the 54 percent who replied they were thinking of doing so in a similar survey in August last year.

Only 4 percent of firms said they have reduced or have decided to squeeze their workforce following the yen's appreciation since June, against 10 percent last summer when the yen was ballooning against the dollar.

Labor Ministry officials said companies are apparently becoming immunized to the strong yen, while signs of recovery of the economy are also helping to improve corporate sentiment on the issue.

The survey was conducted in mid-July through public employment security offices nationwide and covered about 1,000 private enterprises.

But this time, 29 percent of the firms said they will consider cutting the workforce if the yen further appreciates against the dollar, which was up from 25 percent in the previous survey.

The survey showed that export-reliant precision machinery manufacturers and firms in the Tokyo area are most vulnerable to the yen's appreciation, the ministry said.

Strong Yen Not So Strong in Asia

942A0592A Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Aug 94 p 1

[Article by Nikkei's Japan-U.S. Relations Reporting Team; first in a series entitled "In the Midst of the Japan-U.S. World"]

[Text] The question is, how is a given nation evaluated on a global basis? A look at that nation's currency provides an approximate answer to that question. In this respect, there are individuals like Tomomichi Oba, chairman of the International Currency Information

Center, who offer the theory, "The decline in the significance of the U.S. military presence in Asia has been accompanied by a decline in the dominant role of the dollar, which has been offset by strength in local currencies such as the yen."

However, responses that the chairman received when he visited various Asian nations in March of this year, not only failed to substantiate his theory, but negated it. First, Thailand's Minister of Finance Talin said, "There is no change in the status of the U.S. dollar as a global currency." Malaysian Central Bank Vice President Lin Shi Yan [as transliterated] said, "The U.S. dollar's role may decline on a long-term basis, but its role as a reserve currency has gained in importance at the present time." Authorities in Hong Kong and Singapore gave similar responses.

In the latter half of the 1980's, frequent mention was made of a "yen economic sphere concept" based on the formation of a union between the strong yen and strong growth economies of Asia. No established definition exists, but the concept visualized increased use of the yen to settle foreign trade transactions in Asia.

However, if one looks at "Foreign Exchange Reserves by Various Currencies," which serves as a measure of the degree to which various currencies are put to use, the yen sphere concept seems to fade like a mirage.

According to the International Monetary Fund (IMF), 30 percent of the combined foreign currency reserves of Asian nations at the end of 1987 was in yen, but this share fell to 17 percent at the end of 1989. Even in 1992, it stood at just over 20 percent. On the other hand, the dollar's share had dropped to 41 percent in 1987, but has since recovered to the low 50-percent level.

The value of the yen versus the dollar has risen about twofold between 1985, when the "Plaza Accord" was signed by the industrialized nations of the world to correct the high valuation of the dollar, and 1992. In comparison, growth in the share of the yen among foreign currency reserves is exceedingly small. Professor Masahiro Kawai of Tokyo University comments, "Considering the large amount of yen obligations carried by Asian nations in the form of yen loans, it would be reasonable to hold 30 percent of foreign reserves in yen, but..."

When the dollar fell through the 100-yen threshold, Asian nations began to review the composition of their foreign reserve holdings. Even then, there are no signs of increased confidence in the yen. Even Taiwan, which holds the world's largest foreign reserves of over \$90 billion, lowered its holdings of U.S. dollars, but it also dropped yen holdings from 20 percent to 4 percent and shifted its foreign currency holdings to the German mark. It can be said that Taiwan was attracted to Germany because of its stable economic policies.

Members of the Association of Southeast Asian Nations (ASEAN) have increased their yen holdings to attain a

balance between debts and credits, but in an apparently very reluctant manner. Even Thailand is increasing its yen holdings, but ironically there has been an increase in arguments to strengthen the link between the dollar and its own currency, the baht.

Stanford University Professor Paul R. Krugman is negative about the yen economic sphere when he says, "If Japan were to purchase more imports from East Asia, there may be some point to a yen sphere, but such a sphere is not conceivable under present conditions."

There is no lack of reasons for Asian nations to increase their yen holdings such as the sharply stronger yen based on the strength of the Japanese economy and sharp expansion in investments and trade between Japan and Asia. We have no intention of posing an objection to the fact that the dollar is the world's basic currency, but one wonders what the basis is for the low appraisal of the yen.

Difference in Attitudes Compared to the United States: Honorary Chairman Jiro Kawake of New Oji Paper was surprised by the presence of the dollar when he visited Vietnam in June as the head of an industry inspection team. He expressed his impressions, saying, "Local attitudes towards the United States are not bad despite the Vietnam war. I think it is a reflection of U.S. tolerance for accepting those who are different."

Historical Events: "Yen sphere" conjures memories of the "Greater East Asian Coprosperity Sphere" of the World War II era. Guan Zhi Xiong, chief of the Growth Economy Research Section of the Nomura Research Center who is a native of Hong Kong says, "The yen sphere concept of the past is coined from the Japanese perspective and is conceited."

Undiscernible Future Course of Japan: A Hong Kong foreign currency dealer says, "Japan's future course cannot be discerned," in terms of whether it will become a permanent member of the UN Security Council and assume a global role. There is also criticism that "yen markets have a closed nature" because of the complexity of regulations and delays in reforming its short-term currency markets.

In essence, from the viewpoint of Asian nations, there is the question of Japan's ideas and its trustworthiness. In other words, the value of yen is not indicative of "Japan's true standing."

The front page of the 18 July edition of THE AUSTRALIAN FINANCIAL REVIEW reported, "Japan proposes the end to world control by the dollar," and mentioned reports compiled by the Ministry of Finance and Ministry of International Trade and Industry, each of which made reference to the yen. It also referred to "a study being conducted by the Bank of Japan."

However, the "yen, which lacks any meaningful following" and which circulates in Asia, has failed to win any degree of confidence, while it trails the widely recognized dollar by one or two steps.

U.S. Major Market for Hunting Rifle Exports

942A0579A Tokyo ASAHI SHIMBUN in Japanese 4
Aug 94 p 1

[Excerpt] A large quantity of hunting guns such as rifles and shotguns are being exported from Japan to the United States. Since they are produced (OEM) under the clients brand such as Browning, it surprisingly has not been known, but they account for 20 percent of U.S. sales in the hunting gun field. On the other hand, Russia, which is attempting to convert from military demand to civilian demand, has developed a rifle based on the military Kalishnikov gun and has come looking for markets in Japan. Their rusticity contrasting with Japan's precision processing is the selling point.

About 2.2 million guns appeared on the U.S. civilian market in 1992 (1993 U.S. Bureau of Alcohol, Tobacco, and Firearms survey), and it seems that it was more than that last year. Roughly 10 percent of these were Japanese-made. Half of the gun sales in the United States are revolvers, and Japan does not export them. Limited to hunting rifles, the percentage of Japanese-made is said to be about 20 percent.

Three companies are manufacturing them, Miroku Firearms Manufacturing (Kochi Prefecture), Shin SKB Kogyo (Ibaraki Prefecture), and Howa Machinery (Aichi Prefecture). Among them, Miroku Firearms in Nangoku city, Kochi Prefecture, accounts for 80 percent of domestic production. It is a firearms company that goes back to Meiji times (1868-1912) and makes everything from air guns to whaling guns.

Now the company has full production of hunting guns for export. Large machines hum, the smell of oil strikes the nose, and industrial robots simultaneously cut out several tens of gun barrels.

Proceeding way inside the plant, it becomes quiet. In the chasing room, young factory workers are engraving fine patterns.

Vice President Toyoaki Ido says, "It was a good opportunity when we received the order for 2,000 toy-like cheap rifles with OEM production for Browning in 1967."

Quality requirements are strict, but precision has been high with machine tools developed by its own company that bore a precision hole in the gun barrel. The machine parts of shotguns are finished by hand work with a precision up to .005 millimeters.

As a result, in addition to about 70 percent of Browning guns worldwide, the company is producing Winchester rifles. "There are newly emerging countries which are exporting mass-produced military guns, but they cannot cross swords in the field of hunting guns where finished beauty is sought."

Thus, three companies have produced and shipped over 254,000 hunting guns in the past year, and 98.8 percent

were exported. It is the first time in 12 years that exports have exceeded 250,000. More than 80 percent are exported to the United States and the remaining go to Europe.

Almost all of these guns with the carved stamp of "MADE IN JAPAN" are sold under famous brands in the United States such as Browning, Weatherby, and Winchester.

All three domestic companies ship products with their own brand, but the number is small. "Although we make them with the same quality control as OEM,... it is low," the persons in charge at the three companies say in unison.

That is because recently, behind increasing sales in the United States, there has been "a rush to purchase" due to speculation that gun control will spread to hunting guns.

Hand guns and military guns have been the target of the Brady Law which was passed in the United States at the end of 1993 with gun control as the objective. Under Japan's three principles for the export of weapons, these exports are forbidden. However, hunting rifles are different. Even President Clinton, who is very enthusiastic about gun control for hand guns and others used to attack people, considers that "hunting is a part of American culture." [passage omitted]

Drug Smuggling Into Russia Growing 'Sharply'

OW2308115894 Tokyo SANKEI SHIMBUN in Japanese 18 Aug 94 Morning Edition p 4

[By correspondent Yasuro Naito]

[Text] Moscow, 17 Aug—Smuggling in narcotics from North Korea to the Russian Far East region has grown sharply. In an interview with SANKEI SHIMBUN, a Russian drug buster disclosed that North Korea has smuggled a large quantity of medicine containing narcotic ingredients into Russia. According to the same Russian drug buster, North Korea has smuggled the narcotic ingredients into Russia for more than 10 years through an official route and they have been peddled half-openly in Russia.

According to a drug buster working at the Russian Internal Affairs Ministry Narcotics Control Bureau, the former Soviet Union allowed North Korea to export the medicine only for the medical treatment of North Korean loggers in the Far East region. North Korea's export of the medicine to the region began in 1980.

The medicine is made up of 250 kinds and about 80, or one-third, are not registered as pharmaceuticals in Russia. Thirty percent of the medicine contains such narcotic ingredients as morphine and opium, and they can be extracted from the medicine by simply dissolving it in water.

In a telephone interview with SANKEI SHIMBUN, a drug buster in Khabarovsk, a key city in the Russian Far

East, testified that North Korea has filed applications with Russian authorities for approval of its medicine exports to the Russian Far East after overestimating the number of North Korean loggers, who actually number less than 4,000, by two-three times and the per capita medicine requirement by 10 times.

Much of the medicine that North Korea has shipped to the Russian Far East is believed to have been peddled by criminal syndicates in Russia instead of being used for the North Korean loggers. The same Russian drug buster said: "Such narcotics have been illegally sold for more than 10 years in Russia."

Another Russian drug buster said that in a bid to halt the inflow of a large quantity of medicine containing narcotic ingredients from North Korea, the Russian Government has made it mandatory for North Korea to undergo inspections of the medicine in Khabarovsk since this year. Subsequently, North Korea's shipment of the medicine containing narcotic ingredients to the Russian Far East has since stopped.

In the Russian Far East, a North Korean intelligence agent was caught trying to sell heroin to the Russian Mafia in August. "North Korea has since then been suspected of being involved in systemic narcotics deals."

Commenting on North Korea's smuggling of narcotics in large quantities into the Russian Far East, Russian investigative authorities said North Korean authorities have been aware that North Koreans have shipped the medicine in amounts far exceeding that necessary for the North Korean loggers and North Korea is strongly suspected of being involved in the systemic "export" of the narcotic ingredients in an effort to earn funds, adding that "Russian investigators are now probing the case."

Economic Support to Palestinians Pledged

OW2208134794 Tokyo KYODO in English 0936 GMT 22 Aug 94

[Text] Tokyo, Aug. 22 KYODO—Japan pledged Monday [22 August] to continue to provide economic assistance to the Palestinian self-rule authority, government officials said.

The officials said Foreign Minister Yohei Kono made the promise in a meeting with visiting Palestinian Economic and Trade Minister Ahmad Quray'.

Quray' appealed to Kono for Japanese aid in such fields as social welfare, education and medicine as well as improvement of social infrastructures, they said.

Last September, Japan pledged 200 million dollars in aid to Palestine, of which 50 million dollars has been disbursed.

Reports on Issues Related to Rwanda Continue

Tokyo To Recognize New Government

OW2308025994 Tokyo KYODO in English 0243 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Japan will recognize Rwanda's new government, which took power last

month after months of civil war, government officials said Tuesday [23 August].

Foreign Minister Yohei Kono reported at a regular cabinet meeting that Japan plans to send a letter soon to congratulate the new Rwandan Government on its establishment, the officials said.

Japanese Ambassador to Kenya Ginko Sato will deliver the letter to Rwandan Foreign Minister Jean-Marie Vianney Ndagijimana, they said.

Declaring an end to Rwanda's 14-week civil war, the victorious Rwanda Patriotic Front, mainly composed of Tutsis, inaugurated a new government July 18, swearing in moderate Hutus as prime minister and president in Kigali.

Kono told a press conference after the cabinet meeting that Japan decided to recognize that the new government has been making efforts to solve the problems in Rwanda.

SDF's Relief Operations Welcomed

OW2308060794 Tokyo MAINICHI SHIMBUN in Japanese 18 Aug 94 Morning Edition p 2

[Text] The Ministry of Foreign Affairs [MOFA] welcomes the basic agreement by the three ruling parties—the Liberal Democratic Party, the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger]—to send Self-Defense Forces's [SDF] logistic support units to Zaire and other countries to conduct relief operations for Rwandan refugees. A ministry official said: "This agreement enables the SDF to engage in nonmilitary humanitarian aid activities in a third country under the Peacekeeping Operations (PKO) Law. This will be appreciated at home and abroad."

Referring to the fact that the SDPJ, which had objected to the enactment of the PKO Law, changed its position and accepted the authorization of the dispatch of SDF troops overseas, he said: "The SDPJ chose to understand the matter, and acted speedily. It can be said that the SDPJ-advocated humanitarianism, which has so far not been seen to be put into practice amidst ideological arguments, finally had a chance to see light."

The personnel assistance operation based on the PKO Law was pushed primarily by the MOFA. The ministry was quick in noting that the operation would meet five conditions set forth in the law. One of the reasons for the ministry being aggressive was its irritation about reports from a Rwandan refugee assistance mission that even though Japan was prompt in deciding on providing monetary and commodity aid, "Japan's presence was extremely weak" while other industrial nations were very active with their personnel assistance. There was also the thinking that Japan's action would be beneficial in promoting understanding of the PKO Law and the SDF itself, as well as in securing leeway for its diplomacy," according to the MOFA official.

But now there is a question as to whether the SDF can limit its activities to countries outside Rwanda if and when it wants to assist Rwandan refugees returning home to Rwanda.

Dispatch of SDF Questioned

OW2308115494 Tokyo ASAHI SHIMBUN in Japanese 18 Aug 94 Morning Edition p 5

[Editorial: "Do We Have To Send the SDF?"]

[Text] Based on the UN Peace Keeping Operation (PKO) Cooperation Law, the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and New Party Sakigake [Harbinger] have reached a basic agreement on dispatching Self-Defense Force [SDF] medical and supply troops to countries bordering Rwanda, such as Zaire, to help Rwandan refugees.

In response to this agreement, the government will soon dispatch a second fact-finding team, mainly comprised of SDF members, to those nations. It is reported that the dispatch of the SDF troops may be officially approved as early as the end of August.

Rwandan refugees are in an extremely deteriorated condition. What they need now is not actions to prevent ethnic disputes, but medical support for those suffering from contagious diseases and starvation, a supply of food and water, and the building of lavatories to prevent the spread of disease.

If Japan aims at providing nonmilitary humanitarian aid, it must take the lead in promoting such relief activities.

However, Japan again got a late start in taking action except for providing financial support. Furthermore, even though this mission's goal is to give nonmilitary support, the government did decide to dispatch the SDF troops. This decision involves a grave issue that should be thoroughly discussed in the future.

One of the points to be raised here is the lack of institutional framework, which we have already pointed out.

The government says the refugee relief should be dealt with under the "provision of overseas humanitarian rescue operations" stated in the PKO Law. Great expectations are held for the Japan Disaster Relief Team [JDR] that was formed to provide support in international disasters like Rwanda. But the JDR is only allowed to help people suffering from natural disasters, like earthquakes, and accidents, like gas explosion.

When the JDR Law was revised to allow SDF participation, the government did not want to give the wrong impression to foreign nations regarding its intention to dispatch relief teams consisting of SDF personnel. Therefore, some rules were set to restrict JDR activities. However, it must be said that the government only ended up creating more problems by unreasonably

allowing the participation of the SDF, whose overseas operation must be strictly restricted, in disaster relief activities.

What should Japan do to quickly respond to a crisis like Rwanda and which part of the current system should be revised? The government must take grave responsibility for neglecting to study these issues.

So far, the SDPJ has taken a cautious stance on the SDF's dispatch overseas. At a 17 August ruling party meeting, a SDPJ representative reportedly indicated his party policy, saying a new organization other than the SDF should be formed to contribute to the international community. Because of that, we must say the agreement reached this time only arouses a question.

Does the LDP-SDPJ-Sakigake agreement mean the SDPJ also changed its basic party policy on the SDF issue or does it mean this is only an exception?

How to define the SDF's role in Japan's international contribution is one of the serious issues that will determine Japan's future. The SDPJ has been challenged by difficult tasks one after another since it became a leading party in the administration. But the SDPJ should not give up its principles and concepts of future international contribution just because it is too busy tackling these immediate tasks.

The government has said it is only the SDF that can deal with the current Rwanda situation because of its self-sufficient ability. This is the logic that the former LDP administration adopted. However, it does not seem that this logic is very persuasive. There would be no meaning for the SDPJ administration if it does not clearly indicate, before taking any further action, that this Rwandan refugee aid mission will never pave the way for dispatching the SDF to every kind of international crises.

What is needed now in Rwanda is doctors, lavatories, and transportation systems. The government should immediately create organizations that are appropriate for such rescue activities and comprised of experts from the private sector. Japan's international contribution must start with the dispatch of such organizations but not with SDF troops.

Majority Feels WW II Compensation Inadequate

OW2308043894 Tokyo KYODO in English 0402 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—A majority of Japanese think Japan has not made full recompense for its former rule of Asian countries during World War II, and although most people are friendly toward Asian countries, they do not believe Asians like Japan in return, a leading daily newspaper reported Tuesday.

The ASAHI SHIMBUN newspaper said that last month it conducted a nationwide poll of 3,000 Japanese adults about their views on Asia, which was answered by 2,316 people.

According to the poll, 72 percent of the respondents think Japan's compensation to the people of countries ruled or occupied by Japan during wartime is not enough, while 17 percent of them say Japan has made adequate amends, the paper said.

Classified by age and gender, 24 percent of men aged 70 or more think that Japan has paid enough compensation, the group with the largest numbers holding that view.

In contrast, many in the postwar generation say Japan's compensation is inadequate, with 85 percent of women in their late 30s giving such a response, the daily said.

The survey shows that although 71 percent think Japan has cooperated successfully in the development of the Asian nations, 53 percent say Japan is not trusted by the countries in the region.

More than half—55 percent—of respondents have a friendly feeling toward Asian countries and their people, while 33 percent say they do not have such a feeling, according to the poll.

However, while 20 percent think Japan is liked by Asian people, 56 percent believe Japan is disliked by them, the ASAHI said.

Extraordinary Diet Session To Start 30 Sep

OW2208122594 Tokyo KYODO in English 1151 GMT 22 Aug 94

[Text] Tokyo, Aug. 22 KYODO—The three ruling coalition parties reached an accord Monday to convene an extraordinary Diet session on Sept. 30 for about two months to discuss a new electoral map for the House of Representatives, coalition sources said.

The coalition made the decision at a series of meetings of party leaders and executives, the sources said.

Aside from the electoral system, ratification of the agreement on the Uruguay Round trade negotiations under the General Agreement on Tariffs and Trade (GATT) will also be on the agenda, they said.

The Diet will also have to discuss legislation and revision of laws needed in response to the trade agreement, as well as tax reform and revision of the pension law.

Officials of opposition parties asked Chief Cabinet Secretary Kozo Igarashi on Monday to convene a Diet session in early September, saying an early schedule would enable the new electoral system to take effect earlier.

Igarashi, however, told the opposition members that convening a Diet session early is difficult due to Japan's diplomatic timetable.

Foreign Minister Yohei Kono and International Trade and Industry Minister Ryutaro Hashimoto are expected to visit Washington in early September for "framework"

trade talks with the United States. Kono will also go to New York in late September to speak at the UN General Assembly.

Murayama Orders Review of Government Programs

Public Works System

OW2308032794 Tokyo KYODO in English 0255 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Prime Minister Tomiichi Murayama on Tuesday [23 August] directed his cabinet's acting chief economic planner to quickly review Japan's 10-year public works program.

Shoichi Ide, who serves as director general of the Economic Planning Agency on behalf of Masahiko Komura, who is visiting China, replied to Murayama that the agency will do its utmost on the basis of tax reforms currently under study by the ruling coalition.

The government has been considering boosting the 430 trillion yen public works plan covering 10 years from fiscal 1991 in a bid to unblock the stalled "framework" trade negotiations with the United States.

But the uncertain outlook of tax reforms leaves open the question of how to fund such projects, which in turn has delayed the review of works.

Agriculture Reform

OW2308042494 Tokyo KYODO in English 0348 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Prime Minister Tomiichi Murayama told cabinet colleagues Tuesday [22 August] that the coalition government should make concerted efforts to promote an overhaul of Japan's farming policy, government officials said.

Murayama made the remark at a special meeting of cabinet ministers on agricultural policy in connection with a landmark report adopted Aug. 12 by the Agricultural Policy Council, an advisory panel to the prime minister.

The meeting was held to discuss ways of promoting agricultural reforms to deal with the 1993 Uruguay Round accords, which require Japan to open its rice market in the coming years.

Murayama told the meeting that agricultural reforms were one of the major political tasks for his government and urged government ministries and agencies to work out specific reform programs.

To respond to the request, the Agriculture, Forestry and Fisheries Ministry is expected to come up with a package of agricultural reform programs in October, ministry officials said.

The programs are likely to include new distribution and pricing systems for rice and ways of redeveloping remote farming villages, among other things.

The ministry is also expected to submit to the Diet legislation to replace the 1942 food control law—which brings production, distribution and prices of rice under state control.

Upper House Group To Observe New Party Planning

OW2008025594 Tokyo KYODO in English 0238 GMT 20 Aug 94

[Text] Tokyo, Aug. 20 KYODO—A parliamentary group in the House of Councillors decided Friday [19 August] it will participate as an observer in a basic principle-making council of opposition parties seeking to form a new grand party.

The 10-member Democratic Reform Party reached the decision at a meeting of the party members in Karuizawa, Nagano Prefecture, party officials said.

Nine opposition parties and groups, including the Democratic Reform Party, set up a council Thursday to iron out the principles toward forming a new mammoth opposition party to rival the current ruling coalition.

The nine noncommunist opposition forces are Shinseito [Japan Renewal Party], Komeito [Clean Government Party], the Japan New Party, the Democratic Socialist Party, the Liberal Party, New Party Mirai, the Democratic Reform Party, former Kaikaku No Kai and Koshi Kai.

The upper house group, however, stopped short of fully committing to the opposition plan in response to voices among party members at the meeting that it would not be good to positively commit to the move if it receives the cooperation of the ruling Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] in the upper house elections next summer, the officials said.

The current three-party coalition by the SDP, its long-time foe the Liberal Democratic Party (LDP) and new party Sakigake [Harbinger], an LDP splinter group, ousted the former coalition headed by Shinseito head Tsutomu Hata in June and controls nearly 300 seats in the 511-member powerful House of Representatives.

The opposition forces are pushing for the formation of a new grand party to wrest power from the present coalition government.

Dietmen Yamazaki, Kato, Koizumi Interviewed

OW1608072594 Tokyo CHUO KORON in Japanese Aug 94 pp 112-121

[Interview with Taku Yamazaki, Koichi Kato, and Junichiro Koizumi, Liberal Democratic Party members

of the House of Representatives, by Soichiro Tahara, commentator and TV program producer; place and date not given]

We Are Able To Unite Precisely Because We Have Different Characters

[Tahara] I first met you gentlemen some three years ago. During the situation in which the Kaifu Cabinet, which was under the control of the Keisei-kai [Takeshita faction of the Liberal Democratic Party (LDP)], was on the verge of reelection, the three of you appeared on my program. By severely criticizing the Kaifu Cabinet and declaring the need to end Keisei-kai control, you drastically changed the stream of politics.

Now you three, the YKK, have formed a group known as the Shinseiki [New Century]. I would like to begin today's discussions with why you took this action.

[Kato] The [members of the] LDP today are cautiously diffident with each other. Any debate over security issues or the tax system is overshadowed by the excessive fear that it could lead to a shattering of the party. With so much emphasis on keeping the party consolidated, there is little freedom left for action. One reason we formed our group was to make an impact on such conditions.

At the time of the Hosokawa administration's abnegation of power in April, 12 young legislators resigned from the party while the newspapers said things like, "People who will not desert the party are old fashioned and dead."

[Tahara] You mean, "conservatives."

[Kato] Or that they lacked youthfulness.

However, we do not think resigning from the party means an escape from the problems. In the past, dietmen critical of the money-mad political order left and formed the New Liberal Club. But this resolved nothing. Even today, many new political parties have been formed that advocate an end to bureaucracy-dominated politics, but these actions have not brought forth any solutions. Leaving former political parties and forming new ones certainly causes waves, but it is not a means of solving problems. We wanted to let people know that there exists a group working with dignity from within the LDP to deal with the problems at their core, and not by deserting the party. This is our basic motivation.

[Tahara] Still, why YKK? Why have you three, Mr. Koizumi, Mr. Kato, and Mr. Yamazaki, each with such differing attributes, joined together?

[Koizumi] I can only call it a quirk of fate. When the Kaifu Cabinet advocated the adoption of the small constituency system, I knew that no matter what, I had to stop the bill in its tracks. Moreover, the reelection of the Kaifu Cabinet would have meant continued domination by the Keisei-kai. All three of us agreed something had to be done.

[Tahara] I understand up to that point. Mr. Koizumi is from the Mitsuzuka faction, Mr. Kato is from the Miyazawa faction, and Mr. Yamazaki is from the Watanabe faction. And thus, the Keisei-kai collapsed. But there has to be some reason the three of you have rejoined forces: either you hit it off particularly well, or built up a special trust for each other. Something brought you back together. Why, Mr. Kato? Why, Mr. Yamazaki?

[Koizumi] We are all from the same generation, we talk the same language.

[Tahara] What things do you agree on?

[Koizumi] That is what is so strange. We each have our own opinions, and yet....

[Tahara] You are politicians; of course you have your own opinions. [laughter]

[Koizumi] No, no. Really, there are not too many politicians who are like that. Mr. Kato and Mr. Yamazaki are interesting because each has his own personal convictions. We can bounce our opinions off each other.

[Tahara] Mr. Kato, what is interesting to you about joining up with Mr. Koizumi and Mr. Yamazaki?

[Kato] I am not sure.

It all started about four years ago, when we saw Masayoshi Ito, Masayuki Fujio, Seisuke Okuno, and Hyosuke Kujiraoka, four people of totally different persuasions, happily leave [together] to meet with some old classmates.

[Tahara] They are the archetypal hawks and doves.

[Kato] But they trust each other, exchange information and insights, and happily quibble. The three of us started to get together thinking we wanted a group like that. Soon afterwards, the Keisei-kai's dominance became an issue. It happened that none of us were part of the Keisei-kai, so we were making such arguments as "no system in which [then] Secretary General Ichiro Ozawa can call the prime minister stupid can be good." That was when Mr. Koizumi declared on your program, Mr. Tahara, that "We have to end the Keisei-kai's domination!" We were of the same opinion. That was what got us going. It is like you, Mr. Tahara, were the one who bound the YKK together.

The reason we have stayed together over and above personal interests and despite belonging to different factions is probably because all three of us have different personalities.

[Tahara] Ah, so it works well because each of you is different?

[Kato] For example, Mr. Yamazaki is an adroit strategist....

[Tahara] Is that right? He appears to be the honest type who throws straight, down-the-line pitches.

[Koizumi] Not quite. He throws breaking pitches and knuckle balls.

[Kato] And Mr. Koizumi is our best communicator.

[Tahara] I do not think you are very good at talking. If anything, you abruptly cut straight to the point.
[laughter]

[Kato] He presents his conclusions without any explanation of his thinking process, which makes him appear remote. But in an environment where so many other politicians are saying ambiguous things like "Well, no, that is not quite what I mean" or "No, not quite this either" without presenting any conclusions, I think Mr. Koizumi is the kind of politician the future will call for. And because of my background as a civil servant, I take policy very seriously.

The Party Secretary General Is the President of a Company Undergoing Liquidation

[Tahara] As politicians in today's world of quick and easy reversals in political loyalties, the three of you have maintained faith with each other, avoiding any betrayals. What is the reason for this?

[Yamazaki] Well, for example, in uniting behind the common goal of breaking the Keisei-kai domination, it was simply impossible for any two people to do, we had to have three factions cooperate. Factors included our relationships with the heads of our separate factions, and whether or not we had the support of other members in our factions; in other words, the ability to deliver united faction support was of crucial importance.

[Tahara] You mean you could not act as lone wolves.

[Yamazaki] Only because the three of us were able to call upon so many others were we able to bring down the Keisei-kai. I think this type of tangible benefit helps motivate us to sustain our relationship.

[Tahara] You still have the trust of your fellow faction members while being free to say whatever you want to say. Is this the point you are trying to make here?

[Yamazaki] That is right.

[Tahara] So let me pursue this point. The YKK has formed the Shinseiki. Mr. Kato said this was because you wanted to make an impact, but what exactly does that mean?

[Koizumi] The younger LDP members, those in their freshman or second term, have been concerned with whether "they can trust the party president, the party leadership, or the faction leaders" and were worried that "going on like this can only lead to an eventual loss of our assets." They were looking for a window of opportunity that would allow them a rosier future. That just happened to be the YKK.

In other words, we did not entice the newer representatives, but from around the end of last year, our younger dietmen were pressing us to "take a stand." Actually, at the time, we were saying, "It is too early yet." Then, the political scene underwent a series of abrupt changes with the rout of the Hosokawa Cabinet, the birth of the Hata administration, and the SDPJ's abandonment of the coalition. No longer able to keep quiet, the three of us conferred and decided to establish the Shinseiki.

In Zen, there is a term, "sottaku doji" [the simultaneousness of entreaty and response]. The chick calls out from its egg as it is being born, the mother hen then helps break away the shell. These actions are taken in tandem, and the chick is freed. The birth of the Shinseiki is a perfect example of this "simultaneousness." Along with our feeling that "something has to be done," came the calls of the newer Diet members and the drastic reverses in the political scene. These were major factors in the Shinseiki's formation.

[Tahara] Mr. Yamazaki and Mr. Kato seek to "make an impact" and Mr. Koizumi calls for "rebirth of the LDP." In concrete terms, what is it you plan to do to revive the LDP?

[Yamazaki] The LDP today is crippled by an aged and infirm management and stands on the verge of bankruptcy. However, it does have assets. I think we are at a stage where, by liquidating all assets and starting over in a new business, we can revive the dying organization. And right at this point, the young employees seeking new horizons have called on us to come forth.

[Tahara] And that brings us to the point I most want to hear about. I have repeatedly asked President Kono, "And what new banners will the LDP now fly?" Because the LDP remained in power for so long, it came to suffer the lethargy of a long ruling party. While it retained the techniques of remaining firmly ensconced in power, it had neither the requisite will nor a grasp of the techniques with which to seize power. So when it found itself an opposition party, it was effectively senile. That is why I have been asking if it was not time to hoist new standards. However, there has yet to be any response.

The LDP today is a syndicate in the process of being liquidated. It has to start up some new enterprise. What, specifically, do you think this new enterprise entails?

[Yamazaki] First, we change the company name. Then, because the current incumbent is the president of a company in the process of being liquidated, because he is the president for an emergency bail out, we have to install a new company president.

As a new enterprise starting out with these conditions in place, the first thing is to establish national priorities. The Meiji [ethos of] "material abundance, strong military" was discredited by World War II. In the post-war period, the "strong military" [ethos] was abandoned and "material abundance" was achieved. And now as a fully

mature nation, what should our next goals be? If we seek only to maintain the status quo, the natural course will not be to call for the LDP but for a new party that appears capable of achieving something. So we must establish new national priorities through serious deliberations.

What I want to propose as a slogan at this point is "a nation of Nobel laureates." Mr. Kato would say "open up new frontiers" but in the post-war era, only five Japanese have been awarded the Nobel Prize in natural sciences. Our balance sheet is comfortably in the black in trade, but is deep in red ink in science and technology. While we are certainly advanced in the processing trade and in applied technology, we are being criticized by the world at large for failure to contribute to the progress of mankind.

[Kato] When we founded our Shinseiki group, we issued a statement of purpose. The crucial clause in that statement queried "how to deal with the loss of faith in our dreams as a nation." Since the Meiji Restoration, Japan has dreamed of having a society as wealthy as those in Western nations through working hard for the "pot of gold at the end of the rainbow."

[Tahara] "Catch up and get ahead."

[Kato] But then, about six or seven years ago, someone speciously declared, "the dream has been attained. Japan has now achieved a fully mature society." Ever since, our thought processes have come to a full stop. But that declaration is not true. Japan is not completely developed; even if it were, we should still all have new dreams of our own. For example, we could rally the young scholars of the Asia-Pacific nations to launch a monumental science project. The theme should probably be in the field of energy or biotechnology.

With its population of over 1 billion, if China ever achieves motorization [the spread of automobiles into the people's daily lives] on a scale equal to ours, it would consume five times as much crude oil as does Japan. There will be the problem of exhaust fumes. So why not build a system through which we could generate electricity from the solar energy in the Sahara Desert during the day and in the Arizona deserts at night, transmit the electricity by superconductivity to Asia and provide service to places like the mountains of Laos or small villages in Sichuan. If superconductivity cannot be used, develop the technology to store energy in small power cassettes that can be inserted into cars to make them run for a month. If we do not have such new dreams, our children will lose their drive to learn.

A primary goal of our Shinseiki group is to provide a forum for discussions of ideas of such grand scale. Although attention has focused on our response to the political situation in June, that is but a very small part of our activities.

YKK To Change the LDP

[Tahara] But from a certain point of view, the responsibility for having made Japan a nation with nothing but

material wealth lies with the long-time political leadership wielded by the LDP. If we are to change that, there has to be some self-reflection here, an internal criticism of the LDP. What went wrong with the LDP?

[Kato] Because the goal of "catch up and get ahead" was so obvious, there was no need to conceive of new visions. With that, the LDP depended on the bureaucracy for all planning and even the drafting of bills. In addition, an abundance of political funds made it possible to have political management without any clear visions for the future.

However, about seven or eight years ago, this state of affairs became untenable. There arose the need to change the usual ways of doing business.

[Tahara] In other words, then, is the Shinseiki trying to change the LDP?

[Kato] Yes.

[Tahara] Here is the problem. The more you in the YKK call for "change," the more people inevitably conclude you are simply following in the footsteps of Ichiro Ozawa. Mr. Ozawa declared, "The LDP will never change, it is staunchly conservative. It is us, the reformers, who shall change politics." He fled the ranks of the LDP and formed a coalition government. So, how is this "reform" you advocate any different from Ozawa's pronouncement of "reform"?

[Koizumi] At issue is how changes are to be made. The LDP has always had a powerful, inherent resistance against Mr. Ozawa's style of reform. In reforming the electoral system, Mr. Ozawa feared the redistribution of Diet seats under the medium-sized constituency system would lead to the LDP's defeat. Nonetheless, redistribution of seats needed to be made, so they tried to do it through the introduction of the small constituency system. But by doing so, they avoided drastic seat redistribution.

In terms of international contributions, the LDP came up with the UN Peace Cooperation Bill that employed a modified interpretation of the current Constitution to permit international contributions. This broadest possible interpretation resulted in opposition not only from within the party but from the nation as a whole. The bill was dropped. Mr. Ozawa's suggestion could certainly be labeled a "reform," but did he go through the democratic processes needed to secure consensus within the party? Not necessarily.

Quite candidly, when the LDP assumed its position as an opposition party, among the LDP dietmen, I was one who had the highest hopes for the Hosokawa administration.

[Tahara] Really?

[Koizumi] The traditional LDP political system's restrictive nature, with its emphasis on pursuing the interests of the various ministries and agencies, had reached its

limits. Had things continued as they were, we were likely to have become a nation unable to make any moves. It was this that made me hope that the Hosokawa Cabinet would raise its anti-LDP banner, and by blowing open the situation, champion the interests of the entire nation. But the reality was different. Although their banner proclaimed an anti-LDP stance, their actions were the same as those of the LDP.

Now I feel that we have to be the ones to make it happen. Be it relaxation of regulations, administrative and fiscal reform, or Japan becoming a nation that can play a major role in the international community, now is our best chance. In this particular sense, the LDP's current inability to secure a majority vote could be a desirable aspect. Up to this point, the LDP has been so concerned about retaining its majority control that it was unable to achieve anything exceptional. Now, despite its inability to deliver a simple majority, it can gain power simply by uniting with another party. So to a certain extent, the party can now give full expression to its position.

[Tahara] I understand what you are saying. However, the Hata Cabinet also recited the mantra of political reform and easing regulations. However, at least the contents [of what you are saying] will not be different from what has been said, will it?

[Koizumi] That is not entirely true.

[Tahara] That part is hard to understand.

[Koizumi] As you say, it is hard to understand. There are no major differences.

[Tahara] If the LDP had indicated how it was different from the Hata Cabinet, how the people's lives might change, or how its vision for the nation was different, it would be easier to understand.

[Koizumi] This inability of the LDP to clearly present [its platform] is the problem.

[Tahara] Why can it not present [a platform]?

[Koizumi] Because there are differences of opinion across the board, from left to right.

[Tahara] In other words, the LDP is a cheap supermarket. It stocks all second-class goods. It includes everyone from constitutional revisionists to constitutional preservationists, from big government advocates to those who would limit government power, from those advocating government centralization to those for decentralization, and from people who insist on easing regulations [to create] free market competition to those who argue that certain levels of protection and regulation are essential. It has no single product of premium quality. Its scope is so wide it has lost all individuality. It cannot find one product and say, "This is it!"

I think the single most important *raison d'être* for the existence of YKK or the Shinseiki is to present something concrete to the people of Japan.

[Kato] That is certainly a crucial point. The aggregate mass of the LDP is so huge that [presenting specifics] is difficult. Consequently, the Shinseiki is composed only of people of sympathetic views, and of the same generational sense, and it has forsaken any expansion into a larger group. There are 67 members now; this is probably the limit.

We Could Work With Shinseito Minus the Ichi-Ichi Duo [Shinseito's Ichiro Ozawa and Komeito's Yuichi Ichikawa]

[Tahara] I think what Mr. Yamazaki and Mr. Kato are saying sounds too good to be true. Until now, the LDP has been limited to saying only what sounds good to the people. Revising the [interpretation of the] Constitution, liberalizing the rice market, and implementing the consumption tax were only realized after trials and tribulations, and even while their importance was recognized, such things could not be verbalized.

I think that having formed Shinseiki, it can now have the advantage of being able to tell the people things they do not want to hear. I think you also have to say clearly what constitute the advantages. And what is it that needs to be said now?

[Yamazaki] With regard to the current political situation, the minority coalition administration was unstable and irresponsible. Therefore, a strong, stable political administration must be established.

[Tahara] In that case, would that not mean reverting to the old system of LDP political rule?

[Yamazaki] That is what it means.

[Tahara] A return to the past?

[Yamazaki] Yes. No other party has the LDP's human resources. Although there are a few duds, overall we have many of the best and brightest.

[Tahara] But you do not have anyone truly exceptional. There are no Nobel prize winners.

[Yamazaki] Nor are there in any of the non-LDP coalition governments.

Furthermore, an objective of the small constituency-proportional representation system is the establishment of strong, stable political power. Under the current medium-sized constituency system, single-party administrations are impossible. Whatever the case, I think that we have entered a period in which the two or perhaps three largest surviving political parties will share power. Probably in about five or 10 years.

[Tahara] This is an issue. Is the YKK's goal the establishment of stable political power?

[Yamazaki] Not at all. But, eventually, it would be better for a party that, like the LDP, has a large stable pool of human resources to draw from to head the government.

This would permit ordinary citizens to go about their daily lives with peace of mind.

[Tahara] However, to phrase it in a negative light, the LDP today is like a personnel staffing company. It has been sending personnel to Shinseito [Japan Renewal Party], Sakigake [Harbinger Party], or to the Liberal Party, right? It has lost any image it may have had of being a party that can move or make decisions on its own.

[Kato] That is exactly why we want the Shinseiki to move to explore new vistas. When I referred earlier to our frontier concept concerning scientific technologies, it was because I believe such a vision will offer Japan a focus point.

[Tahara] I would like to ask questions on a more concrete level. Mr. Kato, it is only natural that you have your own notion of a political administration.

[Kato] Yes.

[Tahara] Would it be a coalition administration?

[Kato] Well, we have entered an era where it is difficult for the LDP to hold a majority on its own. The implementation of the small constituency system would make it an age for cross alliances between two or three parties, with one key party holding the casting vote, much like the English or German systems.

[Tahara] In that case, is the SDPJ part of the spectrum of potential allies for the LDP?

[Kato] Either the SDPJ, or a Shinseito minus the Ichi-Ichi line [as published; Ichikawa is not a member of Shinseito] would be possible [candidates].

[Tahara] Would it not work if the Ichi-Ichi line were included?

[Kato] We cannot work with people who use such political manipulations. In other words, they are remnants of the negative aspects of Kakuei Tanaka-style [individually dominated] politics.

[Tahara] Could you be more specific?

[Kato] I am talking about forcing the factions to unite through a double-layered power structure. You can see the Shinseito of today is not much more than the Ichiro Ozawa faction, with no one except a faction head making any political statements. In Komeito, nobody but Mr. Ichikawa ever issues a statement. And in the Japan New Party [JNP], no one except "tono" ["his lordship," a nickname for Morihiro Hosokawa] said much until just recently. That is why politics today is so glum.

The duty of any national Diet member is to speak out freely on voters' behalf. We must establish a system in which each and every Diet member can generate his conclusions through participation in open debate. That is not possible under the Ichi-Ichi line. That is why we cannot work with them. If they would only correct this

aspect, [we could work with them]. Well, we do not have any deep-seated grudge against them.

[Tahara] So, say for example, the [electoral] system changes to a small constituency one, and we now have two or three major political parties. At this point, what platform issues are going to distinguish these parties?

[Koizumi] When the SDPJ was absorbed into the Hosokawa administration, the demarcation lines in political philosophies and in policy dividing the various parties from the LDP to the SDPJ, with the exception of the Communist Party, dissipated. The rationale for forming coalitions in such an environment is that a power base must be secured for a party to press for its own areas of emphasis.

[Tahara] Now that there are no differences in ideals and policies, what makes up a political party's foundation?

[Koizumi] It lies in how a voice and influence are won in an atmosphere of trust.

[Tahara] So, would this be like an assembly of people who get along? Like special interest clubs at colleges?

[Koizumi] Within these confines, certain differences will eventually assert themselves. It is very relevant here that, for example, the Hosokawa administration raised its banner for a "small constituency proportional representation system." There is the crux. The point is who puts up the banners in a clear and visible manner whenever a coalition is formed.

[Tahara] The only person that ever really did so was Ichiro Ozawa. He formed a non-LDP coalition administration by saying: "The LDP promised political reform, but has never delivered. A party like this is no good. Anyone really interested in achieving political reform, come with me." To negate that, what the LDP should do is wave its own banner, saying: "The [Ozawa] banner is a lie. Ours is the true banner of the new era."

[Koizumi] The YKK has been saying that all along. Mr. Ozawa's banner, to put it bluntly, is nothing more than a simple "anti-LDP" [stance]. The reason Mr. Ozawa was feted as if he was a man of significant influence was due to the media and the public's aversion for the LDP's money-grubbing politics and to high hopes for a new administration to replace the LDP. That is all it was. Everything else was simply added on. What Shinseito is doing, be it organizing or receiving petitions concerning the budget, is exactly what and how the LDP used to do things, there is no difference.

[Tahara] It is often said that Ichiro Ozawa gets his own way through the number of his allies, money, and power. But if that was the case, he did not need to separate himself from the party [LDP]. I believe that the determining factor in the days ahead is whether or not one can put up a clear and visible banner. I suspect Mr. Ozawa probably realized that. That is why he was successful in

establishing an anti-LDP coalition administration. The Hata administration was simply the result of inertia.

That is why I would like the YKK to put up a new banner, not one that appeals for "political reform."

[Koizumi] This time, the banner will call for "a halt to benefit reductions."

[Yamazaki] I think it should be education reform. We need to make real investments in research and in education facilities.

[Tahara] But the Nakasone and Hosokawa cabinets also proclaimed education reform.

[Yamazaki] But it was not a main theme for them. The main theme is a crucial element.

[Tahara] Let me be frank. The only way the YKK can raise its own clear banners is to disassociate itself from the LDP. What has been the pattern to date, five or 10 people leaving at a time, is ineffective. If the YKK secedes with about 100 people, the action and platforms would leave clear impressions.

[Yamazaki] The anti-LDP forces have about 300 Diet seats at this point, the LDP retains 200. If the LDP loses 100, this would undermine its foundation as a full-fledged political force and votes would be divided into multipartied, small voting blocs. That many parties are likely to divide into those advocating revision of the Constitution and those calling for its preservation. There is the possibility these two main streams might coalesce into two major parties, but the real question becomes whether it is to our benefit to guide this process.

[Tahara] So if, from the start, you make secession from the party an unacceptable option, the YKK will be no different from the Kono-steering committee. And just as has happened in the LDP because of its emphasis on not permitting any further secessions, you can expect the YKK to be bound hand and foot.

Do Not Limit the Ruling Clique to Incumbent Dietmen

[Kato] Let me return to the subject of the distinguishing factors if there were two or three major parties. In calling for small constituencies and a two party political system, both the Private Sector Ad Hoc Committee for the Promotion of Political Reform [Minkan Rincho] and Mr. Hata were effectively calling for reinstatement of the old small constituency system that was implemented twice before the Second World War. They brought up nothing that could make their platforms unique.

Possible distinguishing factors include: Article 9 of the Constitution; a "big government" versus a "small government"; the manufacturing interests versus consumer protection; agricultural versus urban issues; or "political leadership emphasizing efficiency" versus "a democratic decision-making process through open debate, though it takes time."

[Tahara] And which side is the YKK on?

Mr. Ichiro Ozawa's political vision is clear. The foundations of his thinking lies in open market competition based on personal responsibility and individual reliance, leading in turn to the elimination of regulations, to regional autonomy and small government. And in the international arena, he says we should act "like every other country." His vision is clear. In contrast to this, what does the YKK seek in its vision of Japan?

[Kato] That is something that still needs to be discussed. We are in a transitional phase. Last year, the issue was whether to be LDP or non-LDP. This year, I think the confrontation will be over political techniques. Next year, there will probably be arguments over "big government" vs. "small government."

[Tahara] Quite frankly, are not your visions similar to Mr. Ozawa's?

[Kato] On the issue of open market competition, we probably have similar stances.

[Tahara] In the big picture, I can conceive of the YKK teaming up with Ichiro Ozawa someday. It appears to me that the anti-Ozawa sentiment is merely personal, but you could work together on certain issues.

[Yamazaki] There are areas where we could work with him and areas where we would not. We simply could not work with his political style. If Mr. Ozawa ever gained real decision-making power and everything was placed in his hands, it is quite likely he would ruin Japan, sort of killing the bull to straighten out its horns. [Political power] should be entrusted to a party like ours, a party with experience, knowledge, and human resources. On other issues, such as the easing of restrictions or decentralization of power, we do agree.

[Tahara] No, actually you do not. At least, Mr. Yohei Kono is certainly not working toward a "country like every other country." He believes a free and open market system would lead to the weak falling prey to the strong. Mr. Ryutaro Hashimoto's thinking is similar to Mr. Kono's. Is not the YKK closer to Mr. Ozawa [in ideology] than Mr. Kono or Mr. Hashimoto?

[Koizumi] These are not irreconcilable differences.

[Yamazaki] I am sure there are differences even among the three of us. I believe that the weak should be supported. If we allow free competition to go about eliminating the weak, there would be tremendous problems. However, I also believe that we should make international contributions in the form of military assistance, even if this means reforming the Constitution. Mr. Kato's opinions are not as drastic as mine.

Mr. Saburo Shiroyama lists three conditions of a leader: "sensitivity, selflessness, and stability." Mr. Koizumi is the "selfless" type, who says what he wants to say without regard for fame or advancement. With his

bureaucratic background, Mr. Kato evidences "sensitivity" to political policies. I am a true blue party man, so I guess I am the "stable" one. Together, the three of us make up a whole person.

[Koizumi] Sometimes we are three separate people acting as one. Sometimes one of us represents all three. That is what the YKK is all about. [laughter]

[Tahara] Let me ask again. What is the difference between the YKK and the traditional LDP political platform or Ichiro Ozawa politics?

[Kato] We do not believe in getting things done through the force of numbers and money, as seen in traditional LDP politics. The difference between us and Mr. Ozawa is that we want to present a vision that goes beyond the word "reform." Our [scientific technology] frontier concept is an example of this. Furthermore, we have thorough discussions and debates within our group. We do not attempt to suppress our fellow Diet members through the use of power. People who say "criticism of political styles derives from personal grudges" probably do not realize the danger inherent in today's political system.

One more point, not one of us believes international disputes can be resolved by the use of military force alone. In the DPRK problem, for example, Mr. Yamazaki, who claims to be more of a hawk than I, flew to Pyongyang to try negotiations.

[Tahara] This is a most important point.

[Kato] South Korean television broadcast a report that Mr. Ozawa had declared that "in an emergency, Japan would come to the aid of the Korean peninsula." What a joke. In a few decades, the Koreans will have forgotten about the issue of [North Korean] abandonment of the Nuclear Nonproliferation Treaty, but would still remember any Japanese military action on the Korean peninsula. We share the belief that there is a need for a long range historical perspective.

[Tahara] If you had to endorse a prime minister, whom would you nominate? Would it be someone from your group?

[Kato] It would not be anyone with a current LDP position sitting in the Diet.

[Tahara] So you would seek an outsider?

[Koizumi] It is not likely to be an incumbent Diet member.

[Yamazaki] First, the person would have to become a member of the Diet, either representing a small constituency district in the House of Representatives or a proportional representation district in the House of Councilors, because a person cannot become prime minister unless he is a Diet member.

[Kato] We would also consider someone who fits the image of our frontier vision, someone from the science and technology arena.

Legislation Urged To Enhance BOJ Independence

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[Article by Yoshihiro Fujii, editorial staff writer]

[Text] *Controversy is spreading in Europe and the United States on the relationship between central banks and the executive and legislative branches of government. In Europe, revisions to central bank laws of the various nations have been initiated with a view towards compatibility with the European Monetary Union (EMU), and even Great Britain, which has been considered the most conservative, is proceeding with the reorganization of the Bank of England (BOE). On the other hand, in the United States, the focus is on how to guarantee the transparency of policy decisions by the Federal Reserve Board (FRB). This article considers "possible changes for the Bank of Japan [BOJ]" in light of the controversy in Europe and the United States.*

Independence From Government Operations

The focus of EU nations is on the "neutrality of central banks." The Maastricht Treaty, which implements the EMU, seeks legislative action relative to EU central banks to 1) establish their independence from applicable governments and 2) seek prohibition against extending loans to the applicable governments, with a view towards the future establishment of a European central bank. In other words, the role of central banks will be to "establish price stability" and financial policy in support of the goal will be implemented independently of the government. This approach also represents a declaration that the central banks will not assist governments in their implementation of fiscal policy.

In the EU sector, the German Federal Bank (Bundesbank) has for many years established itself as such a "strong central bank" and the treaty in effect seeks the "conversion of central banks in the various EU nations into a Bundesbank." France and Belgium have already embarked on the revision of their central bank laws and Italy is working on the revision of its central bank law to guarantee the implementation of the second goal mentioned in the preceding paragraph.

Great Britain, which has been cautious about the EMU concept, has taken a wait-and-see stance relative to the independence of central banks, saying, "Real practice is more critical than legal guarantees." However, ever since the British pound was unavoidably disassociated with the exchange rate mechanism (ERM) in connection with the European currency crisis in 1992, British financial policies have lost all market credibility. As a result, controversy has been stirred in the parliament for reform of the Bank of England Law. The British Government

has established a monthly meeting between the chancellor of the exchequer and the president of the Bank of England and implemented reforms in the organization of the Bank of England, while the view has strengthened in the markets that "efforts are underway to establish the independence of the Bank of England."

U.S. controversy centers on the issue of accountability for FRB policies. House of Representatives Banking Committee Chairman Henry B. Gonzales charges that the policy-making process of the FRB is difficult to for the public to understand and has sought early disclosure of the minutes of the Federal Open Market Committee (FOMC). In response, the FRB has reacted by asserting that "such moves would compromise the independence of the FRB," but it has displayed concern for congressional wishes by adopting a "policy disclosure approach" in which it published a chairman's statement as it did on monetary tightening actions taken since February of this year.

BOJ Stresses a Realistic Approach

In the case of the BOJ, the BOJ Law specifies the bank's relationship with the government by providing: 1) the minister of finance is empowered to issue operational orders to the BOJ (Section 43), and (2) the cabinet is empowered to relieve the president and vice president of the BOJ (Section 47), which means that the central bank's independence is limited in comparison to those in Europe and the United States. However, the BOJ itself takes the official stand, as expressed by President Yasushi Mieno, that "The independence of the central bank is not limited to a debate on legal provisions. Most important is that the central bank administers financial policies independently," thus taking the position once assumed by the Bank of England emphasizing actual practice.

Even with respect to interest rate policy, which is easily exposed to political pressure, President Mieno stresses the absence of any compromise in independence by pointing out, "Interest policy has been the exclusive domain of the BOJ ever since the establishment of the Policy Committee in 1949." However, when we look back at the financial easing policies of the second half of the 1980's which gave birth to the bubble economy and the subsequent delays in implementing monetary tightening policies, as stated by Keio University Professor Naoyuki Yoshino, the BOJ was "forced to assume policies which were biased towards financial actions" under Ministry of Finance [MOF] initiatives.

Even with respect to Policy Committee decisions, there is criticism that they are no more than after-the-fact confirmations of advance coordinating actions with the board of governors (commonly referred to as round-tables) and the MOF. There's also a sense of vagueness with respect to credibility. There's also vagueness with respect to the basis for the custom of rotational appointments to the position of BOJ president between career BOJ candidates and former MOF bureaucrats.

BOJ Law Reflects General Mobilization Mood

The BOJ Law which was promulgated in 1942 under wartime economic conditions is one of the few 1,600 laws currently in existence which is written in the *katakana* alphabet and its Section 1 reflects the national general mobilization mood by stipulating, "The BOJ shall promote the appropriate execution of overall national economic power." However, even though the law is not complete in providing for BOJ independence and confidence, the BOJ itself is publicly very cautious about any revision to the law.

Perhaps, the BOJ is wary about being tormented by Nagata-cho and Kasumigaseki if it should raise its voice in an effort to seek "reform." If that is the case, we must say that there is some question as to the validity of the "practical approach."

Now that the 1955 political system has collapsed in the political world, action is being taken to reform the adhesive relationship between politics and government which sustained the postwar system under the guise of the 1955 system. The relationship between government and the BOJ should not be an exception to such reform moves. Further, the controversy concerning central banks in Europe and the United States can be considered as transcending the confines of domestic issues and considered as moves to reinstate confidence in policy authorities on an international footing in response to movements in global markets.

If clarification of responsibilities of governments and central banks should lead to enhancement of confidence held by markets in policies and to stable management of economies, Japan should open up debate on and give serious consideration to the independence and credibility of the BOJ.

Editorial Urges Reform of Economic System

942A0593A Tokyo YOMIURI SHIMBUN in Japanese
18 Aug 94 p 3

[Editorial: "Fifty Years After the War—Discard the Concept of Single-Country Prosperity"]

[Text] Japan, which accomplished a miraculous recovery from the ruins of defeat and became the world's second-largest economy, is now at its greatest turning point. That fact is symbolized by the yen-dollar exchange rate.

The fixed dollar-yen exchange rate of \$1 to 360 yen, which was set in 1949 by General Headquarters, Far East Command, shifted to a floating rate when President Richard M. Nixon in 1973 suspended the convertibility of the dollar into gold. The dollar's value dropped to 300 yen in 1974, 200 yen in 1978, and above and below the 100-yen mark since the summer of last year.

During the above period, the value of the yen versus the dollar grew by a multiple of 3.6 and, in relation to the pound, which was once a core currency, by a multiple of nine.

However, the question remains whether the public in Japan enjoys an affluent lifestyle that reflects the rise in the value of the yen? Even if they can enjoy the benefits of a strong yen when traveling abroad, it appears that they are not enjoying any noticeable improvement in their daily lifestyle.

In reality, according to a survey conducted by the Economic Planning Agency, the appropriate conversion rate for the yen versus the dollar based on the purchasing power of the dollar in New York city and the yen in Tokyo is 164 yen to the dollar, which means that the yen's real value is about 50 percent lower than the foreign exchange rate of 111 yen to the dollar. Despite the rise of the yen against the dollar, its purchasing power has not risen commensurately.

Distortions Created by Single-Country Growth Concept

Economic distortions in Japan are not limited to the public's lifestyle. The world's largest recurring surplus in international balance of payments and in the trade arena, which substantially exceeds \$100 billion, is a consistent source of friction with the United States and Europe.

The relocation of production facilities of corporations which can no longer compete internationally because of the strong yen has initiated a hollowing of industry in Japan. One private-sector forecast predicts the annual average growth rate for the gross domestic national product will drop from the 4-percent level of the 1976 to 1992 period to less than half that between 1993 and 2000, and the unemployment rate will go from less than 3 percent at the present time to double that rate.

Aside from the diligence of the Japanese, one factor that enabled the economic success of postwar Japan is the extension of bureaucratic-guided economic growth based on the national policy of "wealth and military strength" since the Meiji era into the postwar "Japanese-style economic system."

This system, comprised of a variety of laws, systems, and customs, such as a political-bureaucratic-private-sector system of cooperation based on government guidance and regulations, interlocking stock ownership among corporations and *keiretsu* transactions, and lifetime employment and seniority pay and promotion systems, enabled the "postwar recovery" and subsequent "high growth."

The concentration of human and material resources on economic recovery efforts was facilitated under the East-West Cold War backdrop in which the United States took action to tone down strict reparations collection efforts and policies to disperse concentrations of economic power, both programs implemented under the occupation forces, to aggressively support acceptance of Japanese products in the U.S. domestic markets, and to position Japan under the U.S. military security umbrella.

The population of Japan was structured like a pyramid with a very broad base of young, highly productive labor which sustained industrial growth and provided for a high savings rate and the capital for additional growth.

Under such favorable conditions, the government skillfully applied policy guidance in maintaining a competitive system among domestic corporations, but concurrently maintained a protective policy of excluding foreign products or corporations from the domestic markets until domestic industry had developed adequate strength.

The source of strength enabling Japanese industry to withstand the Nixon shock of the 1970's and the two oil crises can be considered as having been developed as a result of such policies which stressed the position of the producer and an economic system which provided for single-nation growth for Japan only.

However, this system that enabled exceptional economic growth now shows signs of serious system fatigue after a half century of existence.

That condition has brought about distortions in the domestic and international economies and serves as a fundamental cause for the lack of vitality in the incipient economic recovery now underway after three years of recession following the collapse of the bubble.

Aggressive Stance Required of the Murayama Government

In its report of autumn last year, the Economic Reform Research Council, a private advisory organ of former Prime Minister Hosokawa, appealed, "It is time to reform systems designed for 'catching up and surpassing other nations' in order to respond to sharply changing domestic and international situations such as the end of the Cold War and the rapidly approaching senior citizen society amidst the situation in which the public is not benefiting from the affluence which should emanate from economic growth.

It is difficult to insist that the spirit of the report is being adequately adopted by the government as it transitions from Hosokawa to Hata and now to Murayama. However, the urgency of reform intensifies with the passage of time. The Murayama government should expedite its efforts toward serious system reform.

Coexistence and Coprosperity Based on International Cooperation

The objective of reform should be a system of coexistence and coprosperity with emphasis on the consumer based on international cooperation.

Specifically, we must first implement system decontrol that severs all ties with legal systems and customs which served as the basis for past systems.

The deregulation measures taken thus far are inadequate to achieve the goals of removing obstacles to the import

and marketing of reasonably priced, high-quality products, parts, and materials; eliminating domestic-foreign price differentials; and establishing an environment for rewarding the public with the benefits of a strong yen and actively creating new industries.

Second, we must deemphasize the approach which places greater importance on harbor construction and forestry and water-control projects and must significantly increase investments in the social capital improvement sector which are more effective in enhancing economic activity and improving the quality of the public's lifestyle.

There is a need to implement thoroughgoing deregulation, realize stable economic growth based on domestic demand, and alter the tendency to maintain a balance-of-payments surplus in our national economy.

Third, we must deal positively with problems associated with the hollowing of industry and build a system of mutual international interdependence.

We should aggressively use the lifting of overseas production ratios and procurement of parts and material from overseas sources as a means to correct our external imbalances and allocate our human and capital resources to the development of domestic products with higher levels of added value and the creation of new industries.

We should place special emphasis on Asia in deepening our mutual interdependence with overseas areas. Asia is anticipated to become the global growth center of the 21st century. Japan's contribution in the form of capital and technology as a member of that region should contribute to the growth of the world economy.

The key to the preservation of a capitalistic economy lies in the principle of "creative destruction" are the words of the late Professor Joseph A. Schumpeter, a typical economist of this century, as extracted from his book *Capitalism, Socialism, and Democracy*.

The creative destruction of Japanese-style economic systems demands strong political leadership based on the support of the public.

Nissan To Provide Technology to ROK's Samsung
OW2008020194 Tokyo KYODO in English 0132 GMT 20 Aug 94

[Text] Tokyo, Aug. 20 KYODO—Nissan Motor Co. and Nissan Diesel Motor Co. have agreed to provide technology to South Korea's Samsung Heavy Industries Co. for the manufacturing of small trucks, an economic daily said Saturday [20 August].

A formal agreement is likely to be signed between the companies at the end of August, the NIHON KEIZAI SHIMBUN said.

Samsung began making large trucks this spring with technology provided by Nissan Diesel Motor, and the

addition of small trucks to its operations will allow it to establish itself in the commercial vehicle sector, the daily said.

Nissan Diesel Motor will export main parts such as engines to Samsung for production of small trucks and also send its engineers to help start the production line.

Samsung will make the trucks with loading capacity of 1 ton as early as next year on a scale of about 10,000 vehicles a year, the paper said.

Toyota, Nissan Overseas Production Rate Rises
OW2308071094 Tokyo KYODO in English 0637 GMT 23 Aug 94

[Text] Tokyo, Aug. 23 KYODO—Toyota Motor Corp. and Nissan Motor Co. both reported an increase in overseas production but a decline in domestic output in July.

Toyota said its July overseas production increased 18.0 percent from a year earlier to 85,166, extending a double-digit rising streak to five months. The increase was buoyed by steadily expanding production at its plants in the United States and Britain, it said.

Nissan's overseas output in July rose 1.7 percent for the fourth consecutive monthly climb from a year earlier to 72,666. Production at its factory in the U.S. posted a 11.6 percent gain from a year earlier.

Toyota's domestic production declined 3.3 percent to 311,813, mainly because there was one less production day in the reporting month than in July 1993, it said. In May, it registered a rise in domestic production after consecutive drops from January to April.

Nissan's domestic output dropped 17.7 percent from a year earlier to 139,407.

For domestic sales, Toyota reported a rise of 0.3 percent in July to 204,423.

Toyota held 32.9 percent of the total market, which expanded 2.9 percent in July from a year before to 637,000. Toyota's market share was down 0.8 percentage point from a year earlier, it said.

Nissan, meanwhile, said its domestic sales declined 6.4 percent from a year earlier to 112,436, with a market share of 22.6 percent, down 2.2 points from a year earlier.

In terms of exports, Toyota reported the second consecutive monthly rise of 8.1 percent to 139,739.

Nissan's exports increased for the second straight month by 13.4 percent to 63,981 vehicles.

Suzuki To Boost Indian Joint Auto Production
942A0585A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 14 Aug 94 p 7

[By Shinichi Suzuki, New Delhi]

[Text] Maruti Udyog (New Delhi), a joint automotive venture of the Indian Government and Suzuki Motor, will add new models and double production in three years. The joint venture will expand its plant located on the outskirts of New Delhi and increase production which was 158,000 units in fiscal year 1993 to 300,000 units in fiscal year 1996. In line with the growth in the middle class, automotive sales in India have been growing significantly and the joint venture is building a production and sales organization responsive to the changing economic environment.

Maruti owns a plant in Gurugaon, Haryana state, on the outskirts of new Delhi and is building a new plant within the same compound. The new plant is scheduled for completion in the fall and production of a new model is scheduled to begin at that time. Maruti has so far produced the 800-cc "Maruti," known as the Alto in Japan, and the 1000-cc passenger car "Zen," known as the YE-2 in Japan.

Within the year, the firm will commence production of a new 1300-cc vehicle using as a model the "Cultus Esteem" which is made in Japan. At the same time, the firm will boost production of the 800-cc "Maruti," which is its main model. It will respond to the strong demand for automobiles by expanding its customer base through the introduction of new models, while increasing production of its main models.

Maruti has assumed an expansion program in the sales division. It currently maintains 56 dealerships in 25 Indian cities. It is scheduled to name 26 new dealers in the near future and is rushing to expand its sales network. The company commands an overwhelming share of the market in the capital city of New Delhi, but it will aggressively expand its sales system in other major cities such as Bombay and Bangalore.

The middle class has grown sharply since India implemented economic deregulation in 1991; in 1993, demand for passenger cars grew by 22 percent over the prior year to over 201,400 units, while demand for commercial vehicles grew by 27 percent to about 180,000 units. Maruti President R.C. Bhargava predicts, "Automotive demand in India will expand at the pace of 25 percent a year for the next four to five years." Maruti aims to expand its operations in response to the predicted growth in the market place.

Maruti was established in 1982 and began production of the "Maruti 800" in 1983. It is capitalized at about 1.32 billion rupees (one rupee equals 3.3 yen) and has 4,200 employees.

Auto Production Falling Below U.S. Level

942A0584A Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Aug 94 Evening Edition p 1

[Text] Production of automobiles in Japan and the United States is undergoing a flip-flop this year and the United States is definitely expected to regain global

supremacy for the first time in 15 years. NIHON KEIZAI SHIMBUN compiled estimates based on production plans of vehicle makers and projects that 1994 combined domestic production of passenger and commercial vehicles will drop by 900,000 units to the 10.3 million unit range. On the other hand, U.S. production is expected to exceed 11 million units because of favorable sales trends associated with the U.S. economic recovery. Japan, which had earned the title of "the world's No. 1" automobile producer for the 14 years since 1980, will forfeit that title and will produce fewer units than it did in 1982. These trends are based on the prolonged slowing of domestic sales and a drop in exports because of the strong yen, and it appears that U.S. supremacy in terms of production scale will be sustained for the near term.

The 11 domestic carmakers have notified parts makers of their production programs for the August through October quarter, reflecting total projected production of 2.49 million units. Adding these figures to output in the January through July period (with July estimated), assuming that no increases in production will take place in November and December, and estimating that overall annual production will fall by 0 to 5 percent from the prior year, this year's domestic production of vehicles is estimated at 10.28- to 10.36-million units.

Domestic auto production peaked in 1990 at 13.48 million units and fell substantially for three years in a row until 1993 when 11.22 million units were produced. The 10 million unit level will be barely maintained in 1994, but decreases from the prior year will be recorded for the fourth year in a row. It appears that production for 1994 will fall below the 11 million unit level for the first time in 12 years since 1982, when 10.73 million units were produced.

On the other hand, in the United States, a recovery by the Big Three and local production by Japanese makers have contributed to a recovery in which production rose to 8.81 million units in 1991, 9.72 million units in 1992, and 10.86 million units in 1993. According to an official with a Japanese automaker located in the United States, full-scale recovery in the economy will cause 1994 production "to definitely break through the 11 million unit mark," and enable the United States to recapture the title of the world's No. 1 automaker.

Various statistics indicate that worldwide production of automobiles in 1993 was about 48 million units and U.S. AUTOMOTIVE NEWS magazine lists respective country shares as 23.2 percent for Japan, 22.5 percent for the United States, 8.2 percent for Germany, and 6.5 percent for France, indicating significant shares for Japan and the United States. However, Japanese makers are responding to the sharp rise in the value of the yen by quickly shifting production to overseas plants and Nissan plans to shift all production of the small sedan "Sunny," which it had been exporting to the United States, to that country. Both Toyota and Honda are also beefing up U.S. production.

Nissan Motor Develops Lower Cost Airbag

942A0588A Tokyo NIKKEI SANGYO SHIMBUN in
Japanese 10 Aug 94 p 11

[By Atsushi Nakayama]

[Text] Airbags are about to become a familiar item. Nissan has developed a small, lightweight driver's seat SRS airbag system which costs about one-half of previous models. A major feature of the system is that components have been reduced by more than one-half by unitizing the system to include the installation of an electronic impact sensor in the steering wheel. The new system may stimulate the installation of air bags in Japanese vehicles which had lagged European and U.S. markets.

Managing Director Noboru Miura of Nissan stresses, "The system is very compact, having eliminated all unnecessary features."

The new airbag system includes principal parts packaged in a unitized module including a cover, inflator, and electronic impact sensor, and is installed inside the steering wheel. Component parts were reduced from 300 to 150 and weight was reduced from 4 kilograms to 1.5 kilograms.

The component which provided the greatest cost savings was the wire harness. Previous versions required the installation of sensors on the vehicle floor and a 1.5-2.0 meter wire harness to link the inflator and sensor. If the complete system is installed in the steering wheel, the weight and cost of the wire harness is eliminated.

Sensors were changed from the currently prevailing electromechanical to an electronic version. Although the use of electronic controls tends to increase costs because of the need to install new components such as a central processing unit, chief technician Yoshinori Narita of the Body Development Control Department of the Vehicle Technology Development Headquarters states, "Once the algorithm is completed, better yields can be obtained than is the case with mechanical systems."

The "gem"-shaped component in a mechanical version requires fabrication precision equal to that used on bearings. Thus, the overall sensor cost becomes about the same whether it is a mechanical or electronic version. Moreover, the electronic sensor can be adjusted for sensitivity after it is made, whereas the mechanical version does not allow for such adjustment. It appears that the "better yield" comes from the existence of this particular difference.

Nissan intends to make the new model airbag a standard feature on all passenger and recreational vehicles by the fall of 1995. About 5 percent of Nissan passenger cars now carry airbags as standard equipment. The question is, do they have the system for boosting installations to all passenger and recreational vehicles?

The new type of airbag is designed to measure impact and vibration within the steering wheel and the sensor will not function satisfactorily unless the steering wheel is tilted at 30-35 degrees. Current Nissan vehicles, with the exception of the commercial "Caravan," have steering wheels tilted within this range and should pose no problem. Further, miniaturization of the unit has eliminated the problem associated with past versions which imposed unwanted inertial weight on the steering wheel and thwarted a return to the straight-ahead position.

One aspect of concern is what they intend to do about pricing. At the present time, pricing is a very important element that influences the marketability of a vehicle. Even though costs have been reduced by over one-half of previous versions, there is the risk that making airbags a standard item will conflict with efforts to hold down prices, but, according to Managing Director Miura, Nissan "will revise vehicle specifications and suppress price increases to the degree feasible."

However, all automotive firms will probably eventually make airbags a standard feature. According to recent consumer surveys, the most urgently needed new feature on cars is not antilock brake systems, but airbags. Nissan's new airbag system is expected to be priced about 50,000 yen, and consumers can be made to understand pricing of the new system if they are told that this is a decrease in price from previous levels.

Four Truck Makers To Share Parts

942A0583A Tokyo NIHON KEIZAI SHIMBUN in
Japanese 16 Aug 94 p 12

[Text] Hino Motors, Mitsubishi Motors, Isuzu Motors, and Nissan Diesel Motor, four truck makers, have decided to share six additional parts. The aim is to enhance the benefits of volume production for parts makers and reduce costs by establishing common specifications for parts. They have also embarked on studies to attain commonality in parts procured from overseas sources. The truck-manufacturing industry faces taxing developmental costs in connection with projects such as stringent emissions reductions; it visualizes an industry-wide effort to realize cost reductions through implementation of parts-sharing programs.

Parts to be shared total six and include disk wheels, wheel lug nuts, spare tire wheels, and air springs.

The parts-sharing program is dominated by principal truck parts such as brake and suspension components. The program covers four-ton midsize trucks and 10-ton heavy trucks.

Even in the past, the four truck makers were procuring the same type of parts from one parts maker, but the latter had to manufacture four different configurations of similar parts because of differing specifications.

Sharing of parts will enable the parts maker to supply all four truck makers with the same part and reduce production costs substantially.

The four truck makers are currently in the process of negotiating with U.S. parts makers from which large volumes of parts are procured with a view to establishing commonality of parts.

The four truck makers established a "Committee To Implement Commonality of Parts by Four Major Truck Makers" in 1988 and have succeeded in establishing agreements to share 38 different components, including rear bumpers, clutch parts, fuel-injection pumps, power steering, and truck audio systems.

The six small car makers are in the process of emulating the parts-sharing efforts of the truck makers, but passenger car maker efforts have been almost exclusively in the area of cars made by individual manufacturers and such efforts that cross company lines have been very limited.

However, the recent stepped-up competition in economy-class passenger cars has imposed severe cost reduction requirements on the industry and similar parts-sharing efforts could arise among passenger carmakers as a whole.

Agency To Fund Research on Observation Satellite

*OW2308100994 Tokyo ASAHI SHIMBUN in Japanese
21 Aug 94 Morning Edition p 1*

[Text] The Science and Technology Agency [STA] decided on 20 August to include 700 million yen as funds for carrying out research on and developing satellites in its budgetary request for FY 1995, while aiming at launching an earth observation satellite in 2000. This will be the first satellite with the highest level of definition [kaizodo] in the world to be used for civilian purposes. Because the satellite will be able to discern 2.5-meter-sized objects on earth, it will exceed other Western-developed satellites in terms of its capability. The original purpose of developing the satellite lies in using it for disaster surveillance and mapping. However, it is reported that the satellite will also be able to distinguish between different types of fighter aircraft. It can be said that the development of such a high-resolution satellite will be virtually promoted amid the current situation in which there are no brakes on the use of satellites for defense purposes. Therefore, there will likely be arguments over this issue.

The satellite, which is called the "land observation technology satellite" (ALOS) [expansion unknown], will be developed with domestic technology. The total costs of this project will reach approximately 80 billion yen. The ALOS will weigh about 3.5 tonnes. The H-2 rocket developed by Japan's National Space Development Agency will be used to launch the satellite into a polar orbit at an altitude of approximately 700 km. The ALOS

will be capable of observing the entire globe, including both the North and South Poles.

The ALOS satellite, which will be equipped with optical sensors which will see visible light and near-infrared rays, will be capable of distinguishing 2.5-meter-sized objects on the ground. The sensors will be developed from optical sensors (with eight-meter definition) used for the "Advanced Earth Observing Satellite" (Adeos), which will be launched in 1996. The ALOS will also be equipped with synthetic aperture radar which is capable of carrying out monitoring operations even at night and on a cloudy day.

The 2.5-meter definition capability of the ALOS is inferior to U.S. reconnaissance satellites, which reportedly are capable of reading a car license plate. However, it is superior to the French "SPOT" satellite (with a 10-meter definition) and the U.S. "Landsat" satellite (with a 30-meter definition), which are operating as observation satellites. The ALOS is also superior in terms of its definition to a satellite (with a five-meter definition) which is scheduled to be launched in 1999 to replace the SPOT satellite. Although a U.S. company plans to offer for sale one-meter-definition photographs, it will use a satellite which has been developed for reconnaissance purposes.

The definition capability of Japanese satellites has been improved with the Marine Observation Satellite-1, "Mos-1," which has a 50-meter definition, and the Japanese Earth Resources Satellite-1, "JERS-1," which has an 18-meter definition. The ALOS will carry out observations which even the Adeos satellite is unable to carry out.

According to the STA, the purpose of developing the ALOS is to help in carrying out functions such as taking measures to prevent disasters on mountains and rivers; making 1:25,000-scale maps of areas where it is hard to carry out field surveys; and researching damage caused by acid rain in small areas. The STA says that it especially wants Asian nations to make good use of the satellite.

However, the definition of the ALOS is reportedly capable of distinguishing between different fighter aircraft and between different warships. Because the prime minister's advisory panel, the Defense Policy Council, proposed in its recent report that the Self-Defense Forces' [SDF] information-collecting capability be strengthened through the use of satellites, the Defense Agency [DA], which has so far procured pictures taken by the SPOT satellite, is now interested in the ALOS satellite.

Commenting on the possibility that the DA wants to use the satellite, the STA said: "We cannot discriminate against [the DA] in terms of users. This is our position in line with the government's understanding that there is no problem concerning the SDF's using a satellite which is being used generally."

Water Shortage Shuts Yokkaichi Ethylene Plant

942A0582A Tokyo NIHON KEIZAI SHIMBUN in
Japanese 9 Aug 94 p 9

[Text] Mitsubishi Petrochemical announced that it had to fully shut down its ethylene plant at the petrochemical complex in Yokkaichi city, Mie Prefecture, due to the effect of more stringent water restrictions along with the water shortage. Since it was decided to strengthen restrictions on water for industrial use to 100 percent starting 15 August, there is concern about the effect on the various companies that it supplies if the supply of ethylene, a basic raw material for petrochemical products, is stopped. As opposed to this, Tosoh, which has an ethylene facility at the same petrochemical complex in Yokkaichi city, is maintaining operations by transporting spent water from its Nanyo business establishment in Shinnanyo city, Yamaguchi Prefecture.

Mitsubishi Petrochemical has already been implementing a 20-percent reduction in production since 4 August. If a 100-percent water restriction is implemented, it must completely shut down the ethylene plant and derivative products plant. For this reason, it has begun to study countermeasures with the firms to which it supplies ethylene such as Mitsubishi Kasei and Japan Synthetic Rubber. Specifically, the policy will be to tide over by 1) boosting the operation rate of its ethylene plant at the Kashima complex in Ibaraki Prefecture and supplying from there, and 2) having accommodation by other ethylene manufacturers.

On the other hand, Tosoh is chartering tankers and transporting about 5,000 tons of coolant water per day from its Nanyo business establishment. The Tosoh heads say, "We will continue production as is by transporting water. Moreover, dividing it into several cases such as canceling production, we are making simulations of earnings."

Showa Shell, Mitsubishi Oil Cooperation Viewed

942A0581A Tokyo NIHON KEIZAI SHIMBUN in
Japanese 16 Aug 94 p 12

[Text] The tieup between Showa Shell Sekiyu and Mitsubishi Oil is a strategy that is conscious of the gasoline imports liberalization era which will arrive in two years. The Special Oil Products Import Provisionary Measures Law, which in fact limits the import of gasoline, kerosene, and light oil to oil companies, is almost certain to be abrogated in March 1996. If there is an influx of comparatively cheap gasoline from overseas, the market will become sluggish and a drop in the profit rate cannot be avoided. It is necessary for every company to risk their survival on cost reductions.

It is in the distribution field where there is the greatest room for competitiveness to be strengthened by oil companies. Rationalization of refineries is approaching the limit and the development of innovative refining technology also is difficult. However, rationalization of

distribution has rather lagged behind foreign oil companies and the general view in the industry is that "It is possible to lower gasoline prices about 7 yen a liter by a review of the distribution system" (Kenji Suzuki, senior managing director, Esso Oil).

Mitsubishi Oil previously has undertaken cost reductions by tieups with other companies. In 1984, it formed a broad business tieup from crude oil procurement to sales with Nippon Oil, and product accommodation also was carried out as needed. It established the Tosei Oil Terminal, a distribution company half financed by Cosmo Oil, and the company has proceeded with joint operation of an oil tank yard.

Showa Shell Sekiyu, on the other hand, set its hand at an early date to automating the receipt and placement of orders and making oil tank yard shipment facilities efficient. Its style of proceeding with distribution rationalization is contending for first place in the industry.

However, Showa Shell and Mitsubishi Oil, which are inferior in amount of sales compared to first-ranking Nippon Oil and second-ranking Idemitsu Kosan in the industry, have the great liability of gasoline stations spread out nationwide. From that point, it can be said that distribution rationalization by a tieup was a move that could not be avoided for the post-Special Oil Products Import Provisionary Measures Law era.

In December 1993, Nippon Oil and Idemitsu Kosan brought in quality competition to regular gasoline such as blending a cleansing agent into regular for the first time. In so far as they emphasize the difference with products of other companies, the principle is for transport up to the front of the gas station independently by their own company. On the other hand, the firms that rank third or below do not follow the strategy of Nippon Oil or Idemitsu Kosan. It can be seen that they have chosen the road of competing with the "strong two" by cost reduction through tieups. Distribution tieups by fellow companies in third place or lower undoubtedly will increase in the future.

Showa Shell, Mitsubishi Oil Tieup Cuts Costs

942A0580A Tokyo NIHON KEIZAI SHIMBUN in
Japanese 16 Aug 94 p 1

[Text] Showa Shell Sekiyu and Mitsubishi Oil are cooperating in the production and distribution of their mainstay products. Beginning in January next year, besides reciprocal accommodation in the Tokyo metropolitan area and Tohoku for gasoline, kerosene, light oil, and A heavy oil, they will also cooperate in the transport of high octane gasoline, a high-quality gasoline. Since gasoline imports will be liberalized in March 1996 and prospects are that competition will intensify, they will strengthen competitiveness by reducing distribution costs. With both companies, which are in fifth and sixth place in oil sales, joining hands, it seems that moves to

act in concert in the aspects of production and distribution will spread in the oil industry.

Showa Shell will receive supplies of products from the Mitsubishi Oil-affiliated Tohoku Oil Sendai Refinery (processing capability of 100,000 barrels a day) in the Tohoku region, and the Showa Shell-affiliated refining company Toa Oil Kawasaki Refinery (processing capability of 65,000 barrels a day) will hand over the same amount to Mitsubishi Oil in the Metropolitan Tokyo area. The amount of the accommodation in the first fiscal year will be 300,000 kiloliters each annually, equivalent to slightly more than 1 percent of Showa Shell's sales.

Interests coincide for Showa Shell, which has no refineries north of Tohoku, and Mitsubishi Oil, which has inadequate refining capability in the Tokyo metropolitan area. It is unusual for a tieup between the refineries of major corporations to accommodate each other with products constantly.

Up to now, Showa Shell has transported products to Hokkaido and Tohoku refineries by coastal tanker from the Kawasaki refinery, and Mitsubishi Oil has made up for the Tokyo metropolitan area supply shortage by marine transport from the Sendai refinery. Tanker transport will be decreased by the tieup and there will be a cost reduction of 300 million to 350 million yen annually for both companies together. In the second year and thereafter, they will increase the amount of the accommodation and increase the cost reduction effect.

They also will mutually use distribution facilities for high octane. Mitsubishi Oil will invest about 800 million yen and build a tank for 5,000 kiloliters of high octane at its Sendai refinery for Showa Shell, and Showa Shell will operate for Mitsubishi Oil some tanks at its Kawasaki refinery. Earnings will be high, and this is the first time that companies outside a group will be cooperating regarding the transport of high octane with different composition according to each company.

Both companies have considered proceeding with the sharing of oil tank yards on the occasion of this tieup, and in addition, there is a possibility that they will develop a broader tieup. The effect will be great on other companies, including Cosmo Oil and Japan Energy (former Nippon Mining and Kyodo Oil), which have continued in an intense share fight with the companies.

IHI To Operate Fuel Cell Test Plant

942A0578A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 8 Aug 94 p 10

[Text] Ishikawajima Harima Heavy Industries [IHI] will operate starting next year a test plant for 4-kilowatt fused carbonate fuel cells developed by its own company. It will manufacture during this fiscal year the battery stack of layered electrode plates and inverter. A plate reformer effectively reusing the fuel cell gas emission is also under development. While small in output, the aim is to

achieve 40-percent power generation efficiency. The company has achieved 129 kilowatts, the world's maximum output in carbonate-type fuel cells, under commission from New Energy Development Organization (NEDO). This is for commercialization and IHI aims to test for overall system performance, operation, and control, including peripheral equipment.

The fuel cell that IHI has undertaken to develop is a second-generation type using fused carbonate as the electrolyte. Natural gas, methanol, and coal gas are decomposed into hydrogen and carbon monoxide by a reformer. It is a mechanism which reacts by this flowing into a flat-shaped electrode, cathode (positive pole) and anode (negative pole). The power generation capability per electrode square meter is 1 kilowatt. Compared to the first-generation concentrated hydrogen phosphate solution type, the operating temperature is more than three times higher at about 650 degrees Celsius, and it has the feature of good power-generating efficiency of 45 to 60 percent.

The 40-kilowatt test plant will be set up in the company's Tokyo No. 1 Plant (Koto, Tokyo). In addition to attaching a plate reformer that creates hydrogen by reusing the gas emission from battery burn residue, the objective is to test reliability of all the plant component equipment such as the incorporation of a turbocharger in the air compressor. An analysis also will be made of effects on the environment such as amount of nitrogen oxide emissions.

IHI established a 100-kilowatt fuel cell plant at the Akagi Test Center (Miyagi-mura, Gumma Prefecture) of the Electric Power Central Research Institute with a commission from NEDO, and test operation was conducted for 5,000 consecutive hours from summer of 1993 to this spring. In the future, a 1,000-kilowatt plant design has been scheduled, but because of IHI's aim to give priority to second-generation fuel cell development, it will begin independent testing of the whole plant facility.

Regional Efforts in Environmental ODA Viewed

942A0577A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 9 Aug 94 p 4

[By Kazuhisa Yamagiwa, editorial writer]

[Text] The other day, I had the opportunity to participate in a seminar with the theme of "Environment and Economic Growth." It was not a seminar for producing solutions, and free and lively debate was possible, but since environment problems are related to increases in the world population, it seems that there was much realization that it will be very difficult to preserve the environment while having economic growth.

Because there was a wide level of participation by the government, local public groups, universities, environment-related groups, and corporations, the themes debated were diverse from regional pollution problems to environment preservation on the global level.

What impressed me most during the debate was when Junichi Ishida, chief of the Zushi city Civic Department, said, "We have decided to use 0.5 percent of the city's annual budget for environment ODA [official development assistance]."

I had understood that ODA was carried out by the government, as understood from the Japanese translation of government development assistance, but a local public group had realized that it was their own problem as well as a government problem. When you think about it, it is the local citizens who suffer with pollution problems and it can be called natural for local public groups to be concerned about preservation of the environment.

In a questionnaire survey concerning "ideal environment cooperation with developing countries" conducted recently by the Environment Agency [EA], three of four people who responded answered that local governments should aggressively cooperate.

This survey targeted 1,500 environment monitors nationwide commissioned by EA. It was not particularly targeted at people zealous about the environment, but they probably have come to show an understanding of environment problems while receiving questionnaire forms several times.

Many local cities have been troubled with pollution problems. Moreover, they are forming friendly city relationships with cities overseas. For example, Kita Kyushu city conquered air pollution, but they have a sister-city friendship with Shanghai in China. The city has cooperated by dispatching experts on air pollution to Shanghai. It seems that there are many examples where environment cooperation on a local government level has led the way.

According to Ishida, "Zushi city has achieved 100 percent provision of sewers and a good staff of technicians. About 0.5 percent of the annual budget is about 100 million yen, but we are considering the dispatch of sewer-related technicians." It will be implemented starting this fiscal year.

In addition, Michiyoshi Aya, chief and main officer, Environment Section, Owase Public Health Center, Mie Prefecture, related that "Mie Prefecture has conquered the Yokkaichi pollution problem. We would like to make use of that experience by creating an international cooperation center and transferring technology.

Local regional use is probably the first consideration for the budgets of local public groups. However, they cannot escape not knowing about other regions. Environment problems probably should be considered something in which not only the government, but all levels such as local public groups participate and cooperate.

Environment Companies Active in Asia

942A0576A Tokyo NIKKEI KINYU SHIMBUN in Japanese 12 Aug 94 p 14

[Text] Environment-related firms such as Ebara (6361) and Tsukishima Kikai (6332) are aggressively investing in Asia. With the expansion of domestic public investment such as the five-year sewer provision program, the outlook for the year ending March 1995 is that increased revenue and increased profits can be achieved for seven consecutive quarters for Ebara and eight consecutive quarters for Tsukishima Kikai. However, private demand has continued to be sluggish, and they are thinking that it is urgent to open up markets in Asia where provision of infrastructures is being promoted.

Ebara is planning overseas investment totaling 11 billion yen in the next three years centering on Asia. At the end of July, Ebara agreed to establish a joint-venture company in Vietnam for process production of pumps. Its local corporation in Indonesia also is scheduled to increase production capability on a large scale. By the establishment of a joint-venture company in Vietnam, its Asian manufacturing base will expand to nine countries or regions.

The company will have a joint venture with its wholly owned subsidiary Ebara Infilco in October, embracing the water treatment-related division. Public agency demand had accounted for about 90 percent at Ebara Infilco and overseas was tantamount to zero. In the future, it will strengthen activities to obtain orders for water treatment equipment in Asia.

Tsukishima Kikai will establish a local corporation in Taiwan with the end of September as a goal. It will become Tsukishima Kikai's fourth operations base following Thailand, Singapore, and Malaysia. The company reorganized its structure in November last year, newly established an "Engineering Projects Department" that will specialize in overseas orders, and put effort into order-obtaining activities in Asia in liaison with these bases. The goal for orders this accounting year is 61 billion yen, a 5-percent increase compared to the previous year, and the company is anticipating that overseas orders will have a 60-percent increase compared to the previous year at 8 billion yen, centering on Asia.

In addition, Toshiba Plant Construction (1983), which is tops in nuclear power generation related construction, will establish during this fiscal year a local corporation that will handle sales and design work in Asia. The export ratio for the previous year for both Ebara and Tsukishima was not even 10 percent.

Price of Hot-Rolled Steel Rising

942A0586A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 14 Aug 94 p 14

[Text] The price of hot-rolled steel plate, a primary steel plate product, has risen again in the general distribution

market. The price increase is based on a recovery in the demand for automotive steel plate, a reduction in supplies made available to the general distribution markets by domestic blast furnace operators, and movements by Tokyo Steel Manufacturing Company and foreign steel producers to hike prices. In July, prices for hot-rolled steel plates assumed an uptrend for the first time in four years and show signs of rising further in the future, while steel beams, such as I beams, also show signs of bottoming out, following steel plate prices.

Among hot-rolled steel plates, price increases are noticeable for medium steel plate. Medium steel plates of 3.2-mm thickness was priced among Tokyo wholesalers at 45,000 to 46,000 yen a ton, 1,000 yen higher than the previous week. These prices were 1,500 yen higher than the lows recorded in May. Even hot-rolled thin steel plates of 1.6-mm thickness were firmly priced at 54,000 to 55,000 yen per ton. Even in the Osaka market, medium steel plate had risen in price by 500 yen. Hot-rolled steel plate market prices had peaked in 1990 and fallen 30 percent, but they have assumed a clearly rising trend in recent days.

The supply-and-demand relationship has tightened because domestic makers have reduced supplies. Blast furnace operators such as Nippon Steel have reduced supplies to the general distribution market where prices are cheap and profits limited, because of a recovery in shipments to long-term major consumers such as automobile makers.

Even overseas manufacturers have reduced shipments to and have begun raising prices for shipments destined for Japan, because of a tightening in the international supply-and-demand relationship. Korea's Pohang General Steel and Brazil's Ujminas have notified Japanese customers that prices for September-November shipments will be raised 4-10 percent. A firming trend in prices is also reflected in the fact that Tokyo Steel Manufacturing Co. has raised prices about 5 percent for hot coiled steel, a semifinished steel plate product, beginning with shipments under contracts signed in August.

Domestic demand for steel plate destined for the automotive and housing industries is trending upwards. A Tokyo wholesaler states, "A noticeable increase has taken place in consumer stockpiling," in the face of expected price increases in domestic and imported steel products. Distributors are eager to restore higher prices and are refraining from selling at bargain prices.

North Korea

Commentary Denounces Ulchi Focus Lens Exercise

SK2308130694 Pyongyang Korean Central
Broadcasting Network in Korean 1225 GMT 22 Aug 94

[Commentary by Yun Pyong-son: "An Act of Excavating a Hole To Bury Oneself"]

[Text] According to reports, as of 22 August the Kim Yong-sam puppet clique has begun perpetrating the provocative Ulchi Focus Lens joint military exercise with the United States in South Korea.

The puppets are advertising as if the exercise, which will be conducted for two weeks, poses no danger since it is an exercise for command posts, with no deployment of armed forces. However, this is nothing but a sophism to cover up the dangerous and provocative nature of the Ulchi Focus Lens joint military exercise.

The AP news agency reported that the war exercise in which some 700,000 troops will be mobilized is a mock war against North Korea and will provide an opportunity to test the combat capacity of the United States and South Korea.

The puppets announced that during this exercise the Seventh Fleet of the U.S. imperialists will be under the control of the commander of the U.S.-South Korean Combined Forces Command.

These facts show that the Ulchi Focus Lens joint military exercise is not a simple command post exercise, but an adventurous test war aimed at making a sudden preemptive strike against the northern half of the republic.

The Ulchi Focus Lens war exercise perpetrated by the Kim Yong-sam clique is a projected and deliberate maneuver to drive the situation on the Korean peninsula to the brink of war. This is an imprudent act of those who have no future.

As everyone knows that with the recently held Fifth Pannational Rally serving as the momentum, the South Korean people's ardent desire for reunification has become all the stronger, and such strength cannot be hindered by anything. Likewise, the third round of talks between the DPRK and the United States were held triumphantly, thus opening the road for peacefully resolving the nuclear issue.

Such upbeat developments provided misgivings to the Kim Yong-sam clique, which seeks division instead of reunification and confrontation instead of relaxed tensions.

The Kim Yong-sam puppet clique is perpetrating the Ulchi Focus Lens joint military exercise to stamp down the fervent hope for reunification which is further increasing among the South Korean people; to use all possible means block the road to resolving the nuclear issue, which is developing smoothly [chokke palchonhanun]; and to realize its ambition of northward aggression in collaboration with outside forces.

In fact, the Kim Yong-sam regime has no interest in mitigating the tension on the Korean peninsula or in the peaceful reunification of the country. It is only interested in harming its fellow countrymen with war.

Recently, puppet traitor Kim Yong-sam, in a so-called commemorative speech marking Korea's liberation from

Japan, bluntly revealed his ambition to reunify Korea by prevailing over communism and to expand its fascist dictatorial system to the North. The puppet authorities also established a so-called special property law to settle the dispute over real estate ownership in the North following reunification.

Because of its refusal to express condolences during the nation's misfortune and its brutal suppression with guns of the South Korean youths, students, and people who wished to express condolences, the Kim Yong-sam clique has been abandoned by the nation, becoming the subject of international denunciation. Under such circumstances, the Kim Yong-sam clique is seeking a way out from a war, and for this it is making a last frantic effort.

However, the puppets are miscalculating. There is a saying that someone who does one bad thing will suffer a hundred-fold; thus, the puppets should clearly know that their ribs will be broken if they dare to harm their fellow countrymen in the North.

The South Korean people know well that another war will break out, and the nation will again suffer from calamity, if the Kim Yong-sam ring, which is inhuman and not composed of fellow countrymen, is left intact. They are powerfully rising up for the anti-war and anti-Kim Yong-sam struggle. Going against the people's fervent desire for peaceful reunification and perpetrating war commotions are merely acts of digging a hole to bury oneself. Those who are fond of fire are bound to be burned by the flames. This is a lesson shown by history.

The Kim Yong-sam puppet clique should ponder what consequences will be brought upon itself by the commotions of northward aggression, and should not act recklessly.

ROK 'Puppets' Commit Provocations in DMZ

*SK2308105094 Pyongyang KCNA in English
1046 GMT 23 Aug 94*

[Text] Pyongyang, August 23 (KCNA)—The South Korean puppets, synchronizing with the "Ulchi Focus Lens" joint war exercise now under way, are getting more frantic in their military provocations against the North in the Demilitarized Zone [DMZ], military sources said.

On the 22nd of August, armed bandits of the puppet army crawled into the DMZ South of Sangpan-ri and Yonghyon-ri, Kimhwa County and fired more than 40 large-calibre machinegun and automatic rifle bullets, whipping up the atmosphere of war.

Earlier, on the 21st, the puppets brought a 90mm recoilless gun and a 12.7mm machine gun into the DMZ.

On August 21 and 22, the puppets brought hundreds of bandits armed with machine guns and automatic rifles

into the DMZ south of Kwijon-ri, Changpung County, Pomak-ri and Hoesan-ri, Chorwon County, rendering the situation strained.

ROK's Pak Hong 'Plot' Against Chuche Alleged

*SK2308103894 Pyongyang KCNA in English
1033 GMT 23 Aug 94*

[Text] Pyongyang, August 23 (KCNA)—The outcry of Pak Hong, president of the Sogang University, that there are members of chuche idea group in the academic, press and political circles and the "North is behind them" has turned to be a lie in South Korea, stripping bare the fascist and dishonest nature of the Kim Yong-sam clique, says MINJU CHOSON in a commentary today.

Noting that it was the Kim Yong-sam group which manipulated Pak Hong to tell the lie, the analyst says:

Pak Hong let out the outcry the day after he was summoned to "Chongwadae" [presidential offices] to be closeted over the crackdown on campuses.

This goes to prove that he threw together the balderdash on the instructions of the traitor Kim Yong-sam in accordance with a ready-made script to suppress and stifle the South Korean Federation of General Student Councils (Hanchongnyon) and patriotic democratic forces.

It was again the Kim Yong-sam group that "protected" the "safety" of Pak Hong when the students lifted up voices demanding his punishment. And it was also the "civilian fascists" who delayed the investigation by whisking him off to the United States.

Judging from the method, the case was a brainchild of the "Agency for National Security Planning", the plot-breeding headquarters.

Taking a dramatic turn to anti-North confrontation with the biggest misfortune of the fellow countrymen as an occasion, the Kim Yong-sam clique let the "Agency for National Security Planning" employ the trite technique of anti-communist fascist suppression, utterly dismayed at the popular sentiments of South Korea running to the North.

By inveigling a venal president of a university under the mask of "educator" into the anti-communist plot the Kim Yong-sam clique stripped themselves bare as the fascists and anti-communist plotters more shameless than the preceding dictators.

Since the truth behind the case has been brought to light, the traitor Kim Yong-sam and the "Agency for National Security Planning" must apologize for their base and criminal plot and immediately stop suppressing the patriotic students and democratic forces.

Trade Union's Denunciation of Kim Yong-sam Noted

*SK2308104494 Pyongyang KCNA in English
1039 GMT 23 Aug 94*

[Text] Pyongyang, August 23 (KCNA)—The Central Committee of the General Federation of Trade Unions

of Korea issued a statement today bitterly denouncing the traitorous clique of Kim Yong-sam in the name of the entire Korean workers for its brutal suppression of the 5th Seoul Pan-National Rally (PNR) with the mobilization of a police force of divisional scale, armed vehicles and helicopters.

The statement brands the clique as a group of never-to-be-condoned fascist murderers and the most heinous enemy of reunification in the 90s.

It also describes the Kim Yong-sam traitorous clique's suppression as a criminal act that can be done only by the most cruel and truculent human butchers who feel the thrill of joy in biting and killing guiltless people at random.

The statement stresses:

We can never look on with folded arms at South Korea being turned into the worst graveyard of human rights in the world and a sanguinary human slaughter-house under the Kim Yong-sam group's frantic fascist suppression.

Since the traitor Kim Yong-sam came to power under the "civilian" veil, not a day has passed in South Korea without witnessing fascist suppression, that is harsher than under the preceding military dictatorship, and the acute confrontation in the North-South relations.

This clearly shows that with the traitor Kim Yong-sam left alone, the honest-minded people of South Korea calling for independence, democracy and reunification cannot avoid shedding blood and being thrown behind bars and the North-South relations can never be improved.

The traitor Kim Yong-sam has already been irrevocably sentenced to destruction. He has no alternative but to go to his grave.

We express our belief that the South Korean workers will firmly unite with the farmers, students and other people and vigorously fight for the abolition of the anachronistic "National Security Law" on which the Kim Yong-sam group relies, the overthrow of the fascist dictatorial "government" and the establishment of a self-determined democratic government.

Kim Yong-sam 'Flunkeyist' Clique Denounced

*SK2308103394 Pyongyang KCNA in English
1027 GMT 23 Aug 94*

["Flunkeyist Traitors More Vicious Than Preceding Rulers"—KCNA headline]

[Text] Pyongyang, August 23 (KCNA)—NODONG SINMUN today brands the Kim Yong-sam clique as a group of flunkeyist traitors more despicable than any preceding rulers of South Korea.

The paper says in a by-lined article:

It is less than one year and a half since Kim Yong-sam came to power. But he has already committed monstrous anti-national, anti-popular and flunkeyist crimes, begging for patronage of outside forces.

First of all, the Kim Yong-sam group has sold out the interests of the country and the nation to outside forces.

And it has further reduced South Korea to a military base of outside forces for aggression.

The Kim Yong-sam group has decided to pay more than three billion dollars every year in the burden share for the upkeep of the U.S. forces in South Korea, a much more amount than in the past, entreating for a permanent occupation of South Korea by the U.S. forces.

The group canceled the plan for the removal of the U.S. military base from Yongsan in Seoul, on which the preceding military dictator had agreed with the United States in face of the growing anti-U.S. sentiments of the people.

The South Korean rulers, not content with it, allowed the United States to use the harbor facilities of South Korea freely "in case of emergency" and continue using the airforce facilities which had been scheduled to be returned to South Korea.

The Kim Yong-sam group committed a thrice-cursed crime without hesitation by offering South Korea as a market of surplus products of the United States.

The preceding rulers of South Korea, though engaged in all sorts of treacheries, did not dare to sell the rice market. But, Kim Yong-sam sold it off overnight for a "cooperation system" against the North.

The Kim Yong-sam group "acquitted" Japanese imperialism of its crimes in its past invasion of Korea and totally lifted the ban on the import of Japanese goods allegedly to establish "new relations not wedded to history," thus flinging open the door to the Japanese reactionaries for economic and cultural reinvasion.

The Kim Yong-sam clique is a group of traitors who run about to do harm to fellow countrymen with the help of outside forces.

They had attempted to persuade its master not to make any more concession at the talks with the North, and are now trying in every way to taper off the success of the third round of talks between the DPRK and the USA and hinder the improvement of DPRK-USA relations, crying for "transparency of the past nuclear activities" of the North.

In an attempt to do harm to fellow countrymen in conspiracy with outside forces, the South Korean ruling group is continuously introducing mass-destruction weapons and latest-type military hardware from the United States and frequently [word indistinct] joint military exercises with outside forces.

Unless this group of flunkeyist traitors without a shred of national self-respect is removed, the South Korean people cannot evade the disgrace of being colonial slaves of outside forces and stateless orphans nor can the national disaster of a fratricidal war be avoided nor can national unity and independent and peaceful reunification be expected.

The Kim Yong-sam traitorous clique must be removed from the nation.

Nepalese, Syrian Papers on Kim Yong-sam Regime

*SK2208150694 Pyongyang KCNA in English
1500 GMT 22 Aug 94*

[“Fascist Suppression by S. Korean Authorities Denounced by Foreign Papers”—KCNA headline]

[Text] Pyongyang, August 22 (KCNA)—Foreign papers flailed the suppression of the press by the South Korean authorities.

The Nepalese paper ARPAN [spelling of newspaper as received] August 12 in an article titled “S. Korea, Socalled ‘Model of Democracy’” said South Korea is noisily advertising “democracy,” “freedom” and “human rights” to the world, but pressmen are arrested and their publications confiscated and burnt.

The paper noted:

“A man of perception must know well that this is an act of trampling upon the elementary right of the citizens.

“The South Korean authorities ought to know that they cannot arrest the idea cherished in the hearts of the people, though they confiscated a large number of books and literatures.”

The Syrian paper TISHRIN August 8 reported that the South Korean police searched a publishing house which had brought out a book on the life of the great leader President Kim Il-song. Such act aggravates the North-South confrontation by suppressing the propaganda about North Korea on the charge of the violation of the “National Security Law,” the paper said.

Paper on Rise in Japan’s ‘Military Influence’

*SK2308045794 Pyongyang KCNA in English
0421 GMT 23 Aug 94*

[“Escalation of Troop Dispatch Overseas”—KCNA headline]

[Text] Pyongyang, August 23 (KCNA)—The decision of the Japanese Government to send troops of the “Self-Defence Forces [SDF]” to Rwanda on the pretext of “rescuing” refugees is an indication of the escalation of the dispatch of Japanese troops overseas, says NODONG SINMUN in a commentary today.

Noting that the dispatch of “SDF” troops to Rwanda is the third of its kind following the dispatch of their troops to Southeast Asia and Mozambique, the analyst says.:

Japan seeks in this to make it a fait accompli to send her troops to all the places of disputes and expand the scope of dispatch worldwide.

Japan intends to place herself at the helm of the “UN Peacekeeping Operation” by dispatching huge combat units to disputed zones.

The purpose sought by Japan in escalating the dispatch of troops overseas is to become a political and military power and increase her political and military influence in settling international disputes and thus plunge into the strife for world supremacy. The successive rulers of Japan revealed this ulterior intention when they claimed that Japan must play “an international role” commensurate with its economic potentials.

And for this purpose, Japan is trying hard to take a permanent seat of the UN Security Council.

The people of Asia and the rest of the world are watching with heightened vigilance Japan’s dispatch of troops overseas.

Central Committee Greets Ukrainian President

*SK2308101894 Pyongyang KCNA in English
1009 GMT 23 Aug 94*

[Text] Pyongyang, August 23 (KCNA)—The Central People’s Committee of the Democratic People’s Republic of Korea today sent a message of greetings to President Leonid Danilovich Kuchma on the national day of Ukraine.

The message wished the president and people of Ukraine achievements in the work for the prosperity of the country and expressed the belief that the friendly and cooperative relations between the two countries would continue to develop on good terms.

Foreign Minister Meets Guinean Official Adviser

*SK2208151894 Pyongyang KCNA in English
1508 GMT 22 Aug 94*

[Text] Pyongyang, August 22 (KCNA)—Vice-premier and Foreign Minister Kim Yong-nam today met and had a friendly conversation with Alhassane Balde [spelling of name as received], adviser to the Guinean Presidential Office, and his entourage on a visit to Korea.

Guyanese Parties Support National Reunification

*SK2308120394 Pyongyang KCNA in English
1043 GMT 23 Aug 94*

[Text] Pyongyang, August 23 (KCNA)—The leader of the United Republican Party of Guyana, Leslle Ram-sammy, and the leader of the People’s Democratic Movement of Guyana, Llewelyn John [spelling of names

as received], met the DPRK ambassador to Guyana separately on August 13 and 15 and expressed support to the Korean people's cause of national reunification.

Leslie Ramsammy said that all things were going well in Korea under the leadership of dear Comrade Kim Chong-il and expressed the belief that the Korean people would surely achieve the reunification of the country.

Llewelyn John said that he had always supported socialism and that socialism would certainly win.

"Korea is the banner of socialism today when socialism has collapsed in Eastern Europe," he said, positively supporting the DPRK's stand for the independent and peaceful reunification of the country.

Public Health Delegation Leaves for Mongolia

SK2308123594 Pyongyang KCNA in English 1041 GMT 23 Aug 94

[Text] Pyongyang, August 23 (KCNA)—A delegation of the Ministry of Public Health of the DPRK headed by Vice-minister Choe Chang-sik left here today to participate in the 12th meeting of health ministers of the Southeast Asian region of the World Health Organization scheduled in Mongolia.

Greetings Sent to New Sri Lankan Officials

SK2308123694 Pyongyang KCNA in English 1048 GMT 23 Aug 94

[Text] Pyongyang, August 23 (KCNA)—Premier of the Administration Council Kang Song-san sent a message of greetings to Chandrika Bandaranaike Kumaratunga on her assumption of office as prime minister of the Democratic Socialist Republic of Sri Lanka.

The message expressed the belief that the friendly relations between the two countries would develop on better terms in the interest of the two peoples and wished her success in her work for the stability and prosperity of the country.

Foreign Minister Kim Yong-nam sent a message of greetings to Lakshman Kadirgamar on his appointment as foreign minister of the Democratic Socialist Republic of Sri Lanka.

Talk Notes Kim Chong-il's Remarks on Unity

SK2308070594 Pyongyang Radio Pyongyang in Korean to South Korea 0600 GMT 22 Aug 94

[Unattributed talk: "An Original Ideological Theory on the Realization of Wholehearted Unity"]

[Text] The dear leader Comrade Kim Chong-il gave an original and profound elucidation that in order for the popular masses, the main force of history, to become an independent main force of history, the main force of the revolution, which pioneers its destiny independently and creatively, it is essential to achieve the wholehearted

unity of the leader, the party, and the masses. He also gave a complete scientific clarification of the fundamental problem on which we must firmly base ourselves in achieving the most durable and vital, wholehearted unity.

The dear leader Comrade Kim Chong-il has noted: The wholehearted unity of firmly rallying around the leader based on one ideological volition and revolutionary fidelity is the invincible unity and cohesion capable of overcoming all difficulties and trials.

As the dear comrade leader clearly elucidated, the most important thing in realizing wholehearted unity is, above all, to ensure that, in terms of ideology and volition, the wholehearted unity becomes the unity and cohesion with which the working popular masses are firmly united around the leader based on one ideology, the leader's revolutionary ideology. In other words, the most important thing is to achieve wholehearted ideological unity making the leader's revolutionary ideology the unitary ideology.

Wholehearted ideological unity means, literally, unity characterized by an overflowing of only one ideology, the leader's revolutionary ideology, which is devoid of any foreign ideological element, in the revolutionary ranks headed by the supreme leader [sasangui ilsim tangyor-iran, mal kudaero, suryongul choego noesurohayo iruojin hyongmyong taeaneso kuotton isaekchogin sasang yosodo opsi, ojik hanau sasang, suryongui hyongmyong sasang mani yuil hage chanomchinun tangyorul uimihanun kosimnida]. Only when we realize wholehearted ideological unity, can we realize the wholehearted unity of action where all people in the revolutionary ranks, which are united around the party and the leader, think with one ideology and act according to that ideology. Then, no matter how much time passes, or how generations change, the unity of the revolutionary ranks will not be shaken but will be firmly maintained, and the might of the unity will be highly displayed continuously.

The ideological wholehearted unity of our party and people is based on the immortal chuche idea, the revolutionary ideology of the great leader and the dear comrade leader. Because the chuche idea is the revolutionary ideology which defends self-reliance [chajusong], the life of the social human being, it is the most powerful weapon for promoting the wholehearted unity of the revolutionary ranks.

Our wholehearted unity is the purest and most durable because it is based on the immortal chuche idea. It is impossible for any foreign ideological element to infiltrate our society, which is dyed one color with the chuche idea, the revolutionary ideology of the great leader and the dear comrade leader.

This is precisely the true appearance of the singlehearted unity of the leader, the party, and the masses, that is, the wholehearted unity of ideology, which has been firmly dominating our society.

Another important aspect in the ideology and theory regarding the realization of the singlehearted unity profoundly elucidated by the dear leader Comrade Kim Chong-il is that the wholehearted unity of the leader, the party, and the masses can become a most sincere, solid, and viable unity only when it is unity oriented towards morality and fidelity, and is based in revolutionary fidelity and comradely love.

Revolutionary fidelity and comradely love do not spring from forcible demands from the outside or a sense of duty, but are an expression of the lofty moral feelings which flow out from the most clean revolutionary conscience of those who are carrying out the revolution. The revolutionary, comradely love (?provided) by the leader [suryong] in the social and political organism in which people share the same destiny, manifests itself in the image of a father safeguarding and looking after the people with fatherly care in relations with them. Also, the revolutionary fidelity of individual persons in the social and political organism manifests itself as the infinitely warm and fervent loyalty of upholding the leader [suryong] as father in relations with him.

The dear leader Comrade Kim Chong-il has bestowed a most noble political life upon revolutionary fighters and people, holding them in his benevolent bosom. He is the benevolent father who has devoted his whole life only to the (?work) for the people and who is warmly looking after our people to see to it that they lead a rewarding and happy life to their heart's content.

This is why our people are devoting their all to the dear comrade leader, deeming it their obligation and lofty moral fidelity to be loyal to the dear comrade leader.

Today, in the northern half of our Republic, the slogan "We serve the people" presented by the Workers Party of Korea and the slogan "What the party decides, we will do" presented by the masses are closely combined [words indistinct] and the socialist cause is being vigorously pushed ahead. Herein lies the truthfulness, solidness, invincibility, and true appearance of our wholehearted unity achieved on the basis of revolutionary fidelity and comradely love.

Indeed, the dear comrade leader's ideology on the [word indistinct] of the wholehearted unity, the correctness, scientific nature, truthfulness, and vitality of which have been fully verified through the practice of our revolution, is a great guiding principle which we should firmly adhere to and thoroughly embody in the struggle to strengthen the main force of the revolution and to provide a decisive factor for the victory of the revolution.

Italian Communist Offers Gift for Kim Chong-il

*SK2308123894 Pyongyang KCNA in English
1049 GMT 23 Aug 94*

[Text] Pyongyang, August 23 (KCNA)—The dear leader of our party and people Comrade Kim Chong-il received

a gift from the National Political Committee of the Communist Re-Establishment Party of Italy.

The gift was handed to an official concerned by Oliviero Diliberto, member of the leadership and the Secretariat of the party, on a visit to Korea.

Foreign Nations Hold Symposiums on Kim Chong-il

*SK2308050094 Pyongyang KCNA in English
0417 GMT 23 Aug 94*

[Text] Pyongyang, August 23 (KCNA)—Symposiums on the greatness of the dear leader Comrade Kim Chong-il were held in different countries.

A symposium on the subject "Comrade Kim Chong-il is the supreme leader of the Korean people" was sponsored by the centre for the study of the *chuche* philosophy in Harare, Zimbabwe.

Chairman of the centre J. Gweshe said in his report that the question of inheritance of leadership most important in the inheritance of the revolutionary cause had been successfully resolved in Korea with dear Comrade Kim Chong-il acclaimed at the head of the party, the state and the army long ago.

The feats of Comrade Kim Chong-il are great exploits which can be performed only by an extraordinary thinker and theoretician, statesman and an outstanding military strategist unfailingly faithful to the socialist cause and people, and a genuine leader of the people possessed of noble virtues, he stressed.

The *chuche* idea founded by President Kim Il-song has been comprehensively developed and enriched by Comrade Kim Chong-il and the might of socialist Korea has been strengthened beyond comparison with a new upsurge effected in political, economic, cultural, military and all other fields of socialist construction, he pointed out, and added:

"Comrade Kim Chong-il enjoys absolute trust and respect from people. It is by no means accidental that the Korean people call him 'dear leader,' 'dear father,' 'our supreme commander' and 'great general.'"

A seminar on the subject "His Excellency dear Kim Chong-il is the outstanding leader who is successfully carrying forward the revolutionary cause of His Excellency President Kim Il-song" was held by the society for the study of the *chuche* idea of Guinean youth and students and a symposium on the greatness of Comrade Kim Chong-il by the group for the study of the *chuche* idea of Comrade Kim Il-song of West La Penitence, Georgetown, Guyana.

A lecture on the subject "Dear Comrade Kim Chong-il Is the Supreme Leader of the Korean People" was given at the secretariat of state of the agricultural hydraulics of the Frelimo Party of Mozambique.

Kim Il-song Honored in Foreign Publications

SK2208151594 *Pyongyang KCNA in English*
1507 GMT 22 Aug 94

[Text] Pyongyang, August 22 (KCNA)—Foreign publications carried articles praising the feats of the great leader President Kim Il-song.

The Belgian paper SOLIDAIRE devoted three whole pages to special writeups under the headline "Highest Tribute to President Kim Il-song."

Under the subtitle "One Generation of Communists Who Changed the World" the paper said:

President Kim Il-song will be always remembered by the working people as one of the great revolutionaries in the present century who liberated the country from the colonial yoke and built a peculiar socialist society which serves the popular masses.

He struggled on the side of the oppressed people all the time.

He was the greatest revolutionary in the generation of the communists who changed the world from the 20s to the 90s.

The Swiss Committee for Supporting Korea's Reunification published a special issue of its bulletin on the death of President Kim Il-song.

In an article headlined "In Memory of the Great Leader Comrade Kim Il-song," the bulletin said:

The death of the great leader Comrade Kim Il-song was a news that came like a bolt from the blue and a painful loss for mankind which revered him as the lodestar of liberation.

He was the sun of the Korean nation who restored and defended the dignity of the nation and brought about an unprecedented upswing in socialist construction.

Comrade Kim Il-song was a brilliant and distinguished revolutionary, invincible great brilliant commander, outstanding thinker and theoretician and great humanist without an equal.

His idea is entirely for the happiness and prosperity of the people.

The shining name of Comrade Kim Il-song will never be extinguished like a bright flame but light the path of the struggle of the people for national and social liberation.

His august name will be recorded in gold letters in history and be alive forever in the memory of the Korean people and whole mankind.

The Brazilian paper A CLASSE OPERARIA, the Hungarian paper SZABADSAG [spelling of newspapers as received] and the Nigerian paper DAILY CHAMPION carried articles introducing the feats of President Kim

Il-song under the titles "In Memory of President Kim Il-song" and "The Great Leader of the Korean People Passes Away".

The Peru-Korea Institute for Culture and Friendship published a bulletin on his death.

Foreign Press Carries Biography of Kim Il-song

SK2308050194 *Pyongyang KCNA in English*
0411 GMT 23 Aug 94

[Text] Pyongyang, August 23 (KCNA)—The brief biography of the dear leader Comrade Kim Chong-il was carried by the Thai paper BAN MUANG.

The paper stressed that Comrade Kim Chong-il brought a decisive turn in arming the entire people with the revolutionary idea of President Kim Il-song and guided them to accelerate socialist construction.

Comrade Kim Chong-il is now wisely leading the socialist construction and the work for national reunification as the supreme leader of the party, the state and the army of Korea, emphasized the paper.

The brief biography was also carried by the Lebanese magazine AL AMAN No. 116 and the Austrian Press Agency APA and papers DE PRESSE and WIENER ZEITUNG.

A gathering for introducing the brief biography of Comrade Kim Chong-il was held at the house of culture in Egypt with the attendance of officials of the Ministry of Education and Public figures of Egypt.

'Great Vitality' of Party's Slogan Stressed

SK2308102794 *Pyongyang KCNA in English*
1018 GMT 23 Aug 94

[Text] Pyongyang, August 23 (KCNA)—NODONG SINMUN today carries a by-lined article titled "Great Vitality of Party's Slogan 'Let Us Produce, Study and Live Like the Anti-Japanese Guerrillas!'"

Our party put forward this slogan and saw to it that the revolutionary traditions were upheld in all domains of the revolution and construction. This marked an epoch-making occasion in effecting a turnabout in the idea of the people and their manner of work and bringing about an uninterrupted upsurge in the revolution and construction, the article says, and continues:

In this course, the precious assets accumulated in the period of the anti-Japanese armed struggle have proved their greater worth in the political, economic, cultural and all other realms and the cause of modelling the whole party and whole society on the chuche idea has been accelerated powerfully.

The noble revolutionary spirit and morale displayed by the revolutionary forerunners in the flames of the most

rigorous anti-Japanese revolution serve as a true textbook for the everyday work and life of our people and a pattern for their struggle and life.

Today our entire party members and working people are striving to live and work any time and at any post as the anti-Japanese revolutionary fighters did, following their fighting spirit and morale. It is the praiseworthy traits of our people that they uphold the great leader with noble faith and sense of obligation as the anti-Japanese revolutionary fighters did, carry through the party's lines and policies by displaying the revolutionary spirit of unconditionality as they did and study and enjoy a cultural and emotional life in a revolutionary way like them.

Unfailing loyalty to the leader is the core of the fighting spirit and morale displayed by the anti-Japanese revolutionary forerunners in the past days.

The noble revolutionary spirit of the anti-Japanese forerunners is fully displayed in holding the dear leader Comrade Kim Chong-il in high esteem at the top of the revolution and carrying forward to completion the cause of *chuche*. Unshakable is the faith and will of our people to trust and follow only the dear leader Comrade Kim Chong-il and become a fortress and rifles and bombs in upholding the cause of the party as the anti-Japanese revolutionary fighters did, in whatever storm and stress. And the singlehearted unity of our revolutionary ranks around the dear leader is being consolidated as firm as a rock. Our entire party members and working people regard it as the highest honor and happiness to live every moment according to the party's idea and intention and unhesitatingly dedicate themselves to the realization of the plan and intention of the party, and they share sweets and bitters, helping each other forward, on this road.

In the efforts to carry into effect the party's revolutionary slogan the brilliant revolutionary traditions of the anti-Japanese struggle have struck their roots deeper in all fields of the revolution and construction and constant miracles and feats have been wrought in socialist construction.

The party's slogan of producing, studying and living like the anti-Japanese guerrillas is the banner of victory and the guideline of the struggle and life, which should be held high till the cause of *chuche* is accomplished in the years to come as in the past.

People Urged To Exalt Korean-Style Socialism

SK2308045594 *Pyongyang KCNA in English*
0428 GMT 23 Aug 94

["NODONG SINMUN on Exalting Korean-Style Socialism"—KCNA headline]

[Text] Pyongyang, August 23 (KCNA)—NODONG SINMUN today editorially calls upon the entire party members and working people to resolutely defend and

exalt the Korean-style socialism centred on the popular masses which was established by the respected leader President Kim Il-song.

The editorial titled "Let Us Always Exalt Korean-Style Socialism Established by the Great Leader" says that the building of the Korean-style socialism centred on the popular masses in which the demand of the masses for independence has been embodied most thoroughly is an undying exploit performed by Comrade Kim Il-song for the times and the revolution, the country and the people. The editorial further says:

Anthropocentric socialism of Korean style is the cradle of happiness of the Korean people in which the great *chuche* idea of Comrade Kim Il-song, his wise leadership and noble popular traits are comprehensively embodied.

It is a noble obligation of our party and people to the times and history to exalt anthropocentric socialism of our style built by Comrade Kim Il-song.

Only by defending and glorifying Korean-style socialism can our people successfully realise what Comrade Kim Il-song desired in his lifetime and walk a road of a glorious struggle and victory.

We must resolutely defend and exalt Korean-style socialism centred on the popular masses established by Comrade Kim Il-song, holding ever higher the slogan of struggle that if we defend socialism, we will win, but if we abandon it, we will die.

The undying exploits performed by Comrade Kim Il-song in accomplishing the cause of socialism are the lifeline in endlessly glorifying socialism of the Korean style, the editorial says, and stresses:

We should dynamically advance and accomplish the cause of Korean-style socialism, true to the behests of Comrade Kim Il-song by comprehensively embodying all his exploits.

Saying that the dear leader Comrade Kim Chong-il is the destiny of socialism of our style and its ever-victorious banner, the editorial continues:

All the party members and working people should more closely unite around the party and the leader in one mind with the faith that because they are guided by him, the cause of Korean-style socialism pioneered by Comrade Kim Il-song is sure to win.

If they are to defend and exalt socialism of our style, all the party members and working people should firmly arm themselves with the *chuche* idea and thoroughly apply it to the revolution and construction and bring about a new great upsurge in socialist construction.

South Korea

Reaction to 'Special Inspections' Issue Reported DPRK Refusal Causes 'Concern'

SK2308074994 *Seoul YONHAP in English* 0726 GMT
23 Aug 94

[Text] Seoul, Aug. 23 (YONHAP)—Concern is growing over the issue of special inspections aimed at sweeping

away suspicions over North Korea's nuclear activities.

The matter of special inspections has become one of the government's main concerns following Pyongyang's latest statement that it would not accept such checks.

In what seems to be a reaction to the statement by a North Korean Foreign Ministry spokesman, South Korean Foreign Minister Han Sung-chu said he would not be particular about naming the nuclear inspections if they could help clear up the suspicions over Pyongyang's past nuclear activities.

Han's remarks caused some consternation within the government as they might be considered a retreat from Seoul's long-standing policy of demanding special inspections for undeclared nuclear facilities in the North.

Whenever the opportunity arises, President Kim Yong-sam has called for the realization of special inspections which the government says holds the key to finding a complete settlement to the row over North Korea's nuclear program.

Thus far, the government has reaffirmed that assistance for North Korea's change to light-water reactor system could be provided only after the widespread suspicion over Pyongyang's past nuclear activities was cleared up.

The North Korean nuclear issue became the greatest concern of the international community when the Stalinist state declared its withdrawal from the Nuclear Non-Proliferation Treaty (NPT) on March 12 last year in defiance of the special inspections demanded by the International Atomic Energy Agency (IAEA).

The rift between Pyongyang and the nuclear watchdog escalated when North Korea declared the amount of plutonium previously extracted was 90 grams, resulting in a serious "inconsistency" between Pyongyang's report and the agency's judgement based on the results of ad hoc inspections.

The IAEA alleged that North Korea hid the rest of the plutonium in an undeclared facility but Pyongyang, denying the allegation, claimed it was not subject to inspection as the site in question is "a military facility."

Taking the overall situation into consideration, the South Korean Government is apparently studying a practical way to get Pyongyang's past nuclear activities clarified without hurting North Korea's honor.

Han's remarks have, however, apparently irritated the presidential secretaries. Senior Presidential Secretary Chong Chong-uk said Tuesday there is no change in the government's position on carrying out special checks, as confirmed over the telephone by President Kim and his U.S. counterpart Bill Clinton last week.

Another official, also confirming that there is no change in the government's stance, took Minister Han's remarks as "an expression of the position that the South would

not be concerned about the format of inspections as long as it brings forth the same effect as the special inspections since special inspections themselves are not the ultimate goal."

"It seems to me that Han was speaking in the same context of IAEA Director-General Hans Blix's previous remarks that he would not be tied to the name of the inspections if they were realized to meet IAEA standards," he said.

Nevertheless, he viewed Han's remarks as "inappropriate" at a time when the government position on the issue remains firm.

Asked what could be alternatives to special inspections, he cited such examples as having Pyongyang make a voluntary declaration on the two undeclared facilities for later ordinary inspections or having the IAEA conduct a precise analysis of spent fuel rods taken from the North's 5-megawatt nuclear reactor.

One of the most practical ways to shed light on the North's past nuclear activities is to have Pyongyang make a voluntary declaration on them, the Seoul government believes.

The South Korean Government seems poised to get the issue be addressed in the forth-coming U.S.-North Korea contacts and talks, observers said.

Foreign Minister Han Comments

SK2308081894 Seoul YONHAP in English 0812 GMT
23 Aug 94

[Text] Seoul, Aug. 23 (YONHAP)—Foreign Minister Han Sung-chu said Tuesday there is no change in South Korea's position that special inspections of North Korean nuclear facilities are important to settling the row over Pyongyang's suspected nuclear weapons program.

In a statement released through Ministry Spokesman Chang Ki-ho, Han said, "The government considers it essential to clear up suspicions over Pyongyang's past nuclear activities in the course of securing the transparency of the North's nuclear program.

"To this effect, the government considers it important to conduct special inspections of two undeclared nuclear sites in Yongbyon," Chang noted.

Referring to Han's recent remarks on special inspections, Chang said the foreign minister had not meant to give up special inspections but wanted them to be conducted in a practical way to ascertain the history of the North's nuclear activities.

"It's up to the International Atomic Energy Agency (IAEA) to decide on technical problems, including what to choose to bring to light among the North's past nuclear activities," added Chang.

President Stresses Importance

SK2308114494 Seoul YONHAP in English 1139 GMT
23 Aug 94

[Text] Seoul, Aug. 23 (YONHAP)—President Kim Yong-sam stressed on Tuesday the importance of the special inspection of two undeclared facilities of North Korea.

"For the resolution of the North Korean nuclear question, special inspection of North Korean nuclear facilities should be realized under all circumstances," Kim said.

Chongwadae [presidential offices] spokesman Chu Ton-sik said the president accented the need of special inspection during the courtesy call on him by five U.S. representatives led by Rep. Marilyn Lloyd.

President Kim expressed the view that the nuclear issue could be settled through close cooperation between South Korea and the United States.

Rep. Lloyd and other visiting American lawmakers said that in Korea they felt the need of the continued presence of the American forces in Korea, according to Spokesman Chu.

Seoul's 'Flexibility' Viewed

SK2308115294 Seoul KYONGHYANG SINMUN in
Korean 23 Aug 94 p 4

[Article by Yi Sung-chol: "The Government's Adherence to Special Inspection May Be a Major Mistake"]

[Text] Whether or not the government will have to call on North Korea to accept special inspections [tukpyol sachal] has become the main focus of discussions regarding the North Korean nuclear issue. Under these circumstances, there is speculation by some government officials that because of the limitation of the special inspections in defining North Korea's past nuclear activity, the government should fully reconsider its existing North Korea strategy to adhere to special inspections.

A concerned government official said the rationale behind the ROK's call for special inspections is that it believes special inspections may be helpful in resolving the so-called "inconsistency" issue. He added: "Because North Korea removed the spent fuel rods and is maintaining them in their own manner, it is impossible to find a proper way to define its past nuclear activity."

Since North Korea managed to remove the spent fuel rods from its 5-megawatt nuclear reactor in May, Hans Blix, director-general of the Secretariat of the International Atomic Energy Agency [IAEA], pointed out that "special inspections are a kind of jigsaw puzzle," and "in fact, there is no way to define North Korea's past nuclear activity."

The reason nuclear experts point out the limitations of special inspections is because it is possible for North Korea to remove all or some of the nuclear waste material from its undeclared facilities to another location. Over one and a half years have passed since the IAEA officially called for special inspections in February 1993. Therefore, North Korea might have destroyed the proof of its nuclear development which would have placed it in an unfavorable position.

The IAEA called on North Korea to accept special inspections of its two undeclared facilities—the suspected nuclear waste material depots—after the disclosure of the important defect (or "inconsistency") between North Korea's submitted initial report and the IAEA's ad hoc inspection [imsi sachal] regarding the amount of the extracted plutonium.

Another problem is that, even if North Korea is properly maintaining the nuclear waste materials at its facilities as intended by both the ROK and the United States, there is a limit to technologically defining the correct amount of extracted plutonium as well as the time of the extraction, depending on the condition of its preservation.

Because of such limits on special inspections, the IAEA has recently called on North Korea to sincerely submit its statement [chasulso] to the Secretariat, including its daily report on the operation of its reactors, while calling for special inspections.

A relevant government official indirectly involved in the North Korea-U.S. talks expressed his personal view that "considering the limitation of special inspections, the conformation of North Korea's nuclear transparency depends on the will of North Korea and the United States."

The official stated: "The time has come for the government to consider formulating an independent line in its own way, instead of going along with the United States because of the latter's support for South Korea." He added: "The government's flexibility regarding special inspections can be a way of pursuing an independent line."

Foreign Minister Han Sung-chu's 22 August remarks that "he would not stick to the term of so-called 'special inspections'" can be interpreted as the government's flexible position in defining North Korea's past nuclear activity.

Public opinion, as well as the domestic political situation, are very important in pursuing an independent line.

An expert on North Korean affairs said: "The United States, which must extend the Nuclear Nonproliferation Treaty in 1995, will be in an awkward position if South Korea takes a step back from defining North Korea's past nuclear activity. We cannot be certain our people would accept the government's position of overlooking North Korea's past nuclear activity."

Leaflets Against Kim Chong-il Said in Pyongyang
SK2308085494 Seoul YONHAP in English 0845 GMT
23 Aug 94

[Text] Seoul, Aug. 23 (YONHAP)—Amid growing suspicion over an internal strife in North Korea over Kim Chong-il's rise to full power, leaflets denouncing Kim Chong-il were scattered in large amounts in the precincts of foreign diplomatic missions in Pyongyang late last Friday night and in the predawn hours of Saturday [19-20 August], a western diplomatic source in Seoul said Tuesday.

The leaflets prepared in Korean read "Down With Kim Chong-il," the source well versed in the North Korean affairs said.

Their distribution came at a time when North Korean broadcasting commentaries often discussed the issue of Kim Chong-il's heirship, saying "... traitorous acts by ambitious people and schemers..." [as received]

—Saying that the leaflets were distributed in the whole area of the diplomatic quarters of North Korea, the source said, "We understand North Korean authorities have entered a state of utter tension following the incident."

He said it is possible that a person or persons who scattered the leaflets were privileged-class people opposed to Kim Chong-il.

For, he said, the diplomatic area in Pyongyang is a restricted zone, access to which is given only to those with special prerogatives.

"The purpose of the leaflets seems lying in letting foreign countries know that the North Korean people do not want to see Kim Chong-il succeed to power," the source said.

Stating that he understands some of the diplomatic missions in the diplomatic zone had notified their home governments of the leaflets scattered, the source said the incident might have something to do with the unusual central broadcasting station's commentary of Aug. 21 against potential opponents to Kim Chong-il.

The broadcasting comment asserted, "A historical lesson is that if we fail to resolve forthwith the issue of the successor who would take over the revolutionary tasks initiated by the great leader, the party and revolution would be made mockery of by the traitorous acts of ambitious people and conspirators."

Another diplomatic source said he understands all sorts of rumors have been afloat among the North Korean people with regard to the death of Kim Il-song as well as to the issue of Kim Chong-il's rise to power.

"All these indicate that the air of North Korea has not necessarily been stable under the Kim Chong-il system," he said.

Meanwhile, a third diplomatic source said it appears true that Kim Chong-il has been stricken by diabetes.

"There is the saying that Kim Chong-il, 163cm tall and weighing 80kg, has been trying to reduce his weight through a dietetic treatment at the advice of his doctors because of his diabetes," the source added.

Beijing Denies Kim Chong-il Refused Invitation

SK2308112494 Seoul KBS-1 Radio Network in Korean
1102 GMT 23 Aug 94

[Text] Beijing has denied Japanese media reports that North Korea's Kim Chong-il refused the PRC's request to visit China in early October.

A spokesman for the Chinese Foreign Ministry stated: The report from Japan's KYODO NEWS SERVICE that Kim Chong-il refused an invitation to the ceremony marking the 45th anniversary of the founding of the Chinese communist power is groundless.

PRC Links Kim Chong-il's Health to Succession

SK2308000594 Seoul KBS-1 Radio Network in Korean
2300 GMT 23 Aug 94

[Text] It was learned that the Chinese leadership recognizes that there is a problem with Kim Chong-il's health since he has not succeeded to power for more than a month after Kim Il-song's death.

Kim Tok-yong, lawmaker of the Democratic Liberal Party who recently visited China, said on 22 August: "As a result of a meeting with high-ranking officials dealing in Korean affairs, I found that China had hoped for early stability in the North Korean system, but was worried over the fact that such stability has not been realized due to the problem of Kim Chong-il's health."

He said, "I heard that the abnormality in Kim Chong-il's health has been confirmed at China's highest levels of intelligence," and added that "China does not seem to assess the delay in power succession as having been caused by a power struggle in the inner circle of North Korean leadership."

Challenges in Case of U.S.-DPRK Ties Viewed

SK2008021994 Seoul THE KOREA TIMES in English
20 Aug 94 p 1

[By staff reporter Son Ke-yong; first in a series of articles analyzing the impact on Northeast Asia of North Korea's diplomatic ties with the United States, entitled "U.S.-North Korea Ties": "Diplomatic Representations Swap Likely by Year End"]

[Text] Seoul and Washington officials still believe that there is a long way to go before the North Korean nuclear issue is resolved but one possibility they share is that the United States and North Korea will establish diplomatic representations in each other's capitals within this year.

It is in doubt whether the low-level diplomatic channel would lead to the normalization of their relations because it depends on developments in the nuclear bargaining between the two countries.

Other issues hampering the establishment of full diplomatic ties include whether the North improves its human rights situation, stops exports of missiles, cooperates with the recovery of remains of U.S. servicemen and renounces its alleged sponsorship of terrorism.

Despite such stumbling blocks, the United States appears determined to open a representative office in the North Korea capital of Pyongyang and South Korea is believed to have given the go-ahead as long as it is not the establishment of ambassador-level diplomatic ties.

"South Korea's diplomacy would face a major challenge if the United States wraps up drawing up a two Korea policy. The United States will be changed from a constant ally to a partner which requires hard bargaining by Seoul," Prof. Yi Sang-u of Sogang University said.

He evaluated the U.S.-North Korea agreement in Geneva as the greatest feat of North Korean diplomacy while expressing concerns that South Korea runs the risk of losing the diplomatic premium it has enjoyed during the past several decades.

The United States would be allowed a little leeway if it starts to deal with both Koreas on an equal footing, which may turn out unfavorable for the South, he added.

As Japan called the Geneva agreement a "major step forward," it is expected to jolt the current power structure in East Asia which will turn into the most prosperous region in the 21st century.

First, the Korean peninsula would never be the same as it was. Whenever South Korea was in trouble, Uncle Sam was always ready to extend a helping hand. In return, South Korea blindly supported his foreign policy initiatives as a means of survival in the divided peninsula surrounded by powerful countries like Russia, China and Japan.

But the restructuring of the East Asia political landscape resulting from diplomatic normalization between the United States and North Korea will make Seoul feel from time to time that Washington is no longer its perennial ally.

Washington has already been a formidable rival in trade affairs, frequently threatening to impose Super 301 trade sanctions on South Korean products.

Nobody can rule out the possibility that Washington would take similar political action when both countries clash over issues with national interests at stake.

Foreign Minister Han Sung-chu once said that, despite minimal policy discrepancies between the two countries in the past, the United States and South Korea have had their policies tuned in the same narrow band.

But this logic will no longer be in effect if North Korea starts dealing behind-the-scenes with the United States through official "diplomatic representations."

Seemingly, the United States will continue to support Seoul's policy lines as China did with its long-time ally North Korea even after the setup of diplomatic relations with South Korea.

As time goes by, their friendship will never be the same and South Korea will start feeling a sense of betrayal as North Korea did over some of China's policies concerning the peninsula.

For example, as part of Washington's policy to reduce its military spending, the U.S. political circle will resume negotiations on the withdrawal of U.S. military forces stationed in South Korea.

The normalization of U.S.-North Korea ties would also expedite contacts between Japan and North Korea which have already held eight rounds of talks aimed at establishing diplomatic ties.

Kang Sok-chu, the North's chief delegate in the Geneva talks, once said that the setup of diplomatic ties between Japan and North Korea depends on Tokyo's compensation for its atrocities committed during the 1910-45 colonial rule.

If the compensation, estimated at billions of dollars, is funneled into North Korea, it would help reconstruct the North Korean economy, officials said.

Despite the changing environment in East Asia, Seoul has so far failed to take the initiative in its unification and foreign policies.

Even though the government has strived to clarify South Korea's unification formula, most recently through President Kim Yong-sam's national Liberation Day address, it still remains murky.

It renounces "unification by absorption" but still demands the people be prepared for sudden unification, which created conflicting receptions here.

Cross recognition of South and North Korea by four major countries has been one of the Seoul government's policy goals in its efforts to ensure a long-term stability on the peninsula but Seoul is still reluctant to treat North Korea as an equal partner in the international arena.

One principle at the bottom of Seoul's unification formula is that the North's openness will contribute to rescuing its bankrupt economy and bringing about diversity and pluralism in the hermit state, which will automatically lead to peaceful reunification.

But such transition will require considerable time and a minority of people believe that further isolation of North Korea will lead to its sudden collapse, which would shortly bring unification.

Foreigners 'Likely' To Share Investment in North

SK2008015094 Seoul THE KOREA HERALD in English 20 Aug 94 p 8

[Text] Foreign firms having interests in investing in North Korea will likely make inroads into the North in partnership with South Korean firms rather than going to the North on their own in an effort to avoid risks involved in investment in the North, according to local private research institutes.

A fellow at the Lucky-Goldstar Economic Research Institute denied the recent reports that foreign firms are competing to make investments in North Korea, saying "The movements of foreign firms are just at the initial stage of checking the viability of investment and they are likely to eventually seek investment in the North in joint ventures with South Korean firms."

Taking the example of former East Germany where Western businesses acted only after West German firms moved in, he said that Western companies are highly likely to enter the North in partnership with South Korean firms to offset the risks involved mainly because of the instability of the North Korean regime.

Japan, which has invested in the North for the past decade despite continued losses, is expected to take the lead in making inroads into the North by pouring compensation for its past colonial rule in the form of investments, said senior fellows at the Daewoo Research Institute.

In that case, Japanese firms will also want to enter the North in joint ventures with South Korean firms to reduce any risk involved in the investment while South Korean firms will welcome the partnership because it can allow them to use the experiences of the Japanese firms already operating in the North.

They expected the North to aggressively invite South Korean firms to invest for reasons of practicality and publicity, predicting that South Korea will start investing heavily by joining the North's Nampo Industrial Complex.

The Samsung Economic Research Institute also predicted that foreign firms will start investing in the North after closely watching the investment activities of South Korean firms, adding "North Korea actually has no better incentives than China, South America and Southeast Asia to attract investment."

Publisher of Banned Book on Kim Surrenders

SK2008022294 Seoul THE KOREA HERALD in English 20 Aug 94 p 3

[Text] Yi Hi-kon, 33, who has been wanted by police on charges of attempting to publish the late North Korean leader Kim Il-song's memoirs, surrendered himself to authorities yesterday.

Police plan to question Yi, who runs Kasowon Publishing Co., about how he had obtained an original copy of the memoirs, titled "Along With the Century," and why he tried to reprint the banned book here, the Sodaemun Police Station said.

Police may request an arrest warrant for him today for allegedly violating the National Security Law.

DPRK Reportedly Detained 2 ROK Travelers

SK2308113094 Seoul YONHAP in English 1103 GMT 23 Aug 94

[Text] Seoul, Aug. 23 (YONHAP)—Two South Korean travelers to China were caught by North Korean border guards recently in the eastern China-North Korea border area early last month and were held for 20 days in North Korea, it was belatedly reported here on Tuesday [23 August].

The Agency for National Security Planning (NSP) said that Pae Yong-mun, age 42, and Yi Sang-chan, 42, both of Kyongju, North Kyongsang Province, were abducted by North Korean troops on last July 5 from the northern river side of the Tumen River north of the Onsong area of North Korea.

The NSP report said that the two South Korean tourists were buying antique paintings and potteries from four North Koreans in a reed area about 2km from the border line when seven North Korean armed troops came across the border and took them to North Korea along with their Chinese guide, an ethnic Korean.

During their detention in the Onsong area, the pair were questioned about the political and economic conditions of the South and asked to remain in the North before they were turned over to Chinese authorities at China's intervention, it said.

Before they were set free, the duo had to pay the North Koreans 1,100 U.S. dollars and 430 yuan in Chinese currency as 20 days' boarding fees at the demand of the North, the NSP said.

The NSP said it did not take any action against the two because they promptly notified authorities of the incident and they were found not to have cooperated with their captors.

"But, South Korean travelers should not henceforth approach the China-North Korea border area to buy North Korean antiques cheap or would face stern punishment," the NSP said.

Sino-Korean Aircraft Development Project Viewed

SK2008014594 Seoul THE KOREA HERALD in English 20 Aug 94 p 8

[By staff reporter Yu Kun-ha]

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[Text] Who will be selected as the partner for the envisioned Sino-Korean commuter aircraft development project?

It may be still too early to ask this question as Seoul and Beijing have not yet even begun negotiations on the project.

But many American and European aircraft manufacturers have already expressed their keen interest as part of their efforts to secure a foothold in the potentially huge Asian market for commuter planes with around 100 seats.

Officials at the Ministry of Trade, Industry and Energy (MOTIE) have thus far had little time to think seriously about the question because they have been preoccupied with the problem of forming a consortium of Korean firms for the project.

This problem is now almost, if not completely, solved. The three rivaling domestic aerospace firms—Samsung Aerospace Industries, Daewoo Heavy Industries and Korean Air—have managed to reach a compromise on the distribution of work.

At a Thursday [18 August] meeting, the firms agreed to share work equally, with Samsung as the leading company of the soon-to-be-formed consortium.

The trio, however, will have difficulty in forming the consortium as other firms who want bigger portions of work are revolting against them.

In addition, the compromise the three have hammered out is a tentative one because dividing work exactly is possible only after negotiations with China are concluded.

But industry experts say that the consortium will be created in one form or another before the end of September because Seoul and Beijing have already agreed to meet late September to discuss the project.

"Both countries want to get the joint-Venture project rolling as soon as possible," said Kim Yon, an official of the Korea Aerospace Industry Association (KAIA).

"Once the Korean consortium is set up, negotiations will begin immediately."

Once negotiations begin, it will not be long before the two countries take up the issue of selecting a Western partner who can provide the design technology for the aircraft development.

As both lack the design technology, collaboration with an advanced aircraft manufacturer is inevitable. For Western planemakers, this offers a good chance to preempt the Asian commuter market with its enormous potential.

Some Western firms, such as Boeing and McDonnell Douglas (MD) of the United States, have, in fact, been

promoting their own plans to develop commuter planes with the Asian market in mind.

For example, Boeing is known to be holding intensive talks with its Chinese and Japanese suppliers about developing and producing commuter planes.

MD has also been contacting officials in Seoul to jointly develop and manufacture the MD-95 plane which is now on the drawing board.

According to MOTIE officials, such European aircraft manufacturers as Deutsche Aerospace of Germany, Aerospatiale of France and the French-Italian consortium ATR have put forward similar joint-venture plans.

"These Western firms are eager to develop commuter planes for the huge market in Asia. But they do not want to bear the development costs all on their own, so they are seeking Japanese, Korean or Chinese partners who can co-finance their plans," said Yi Won-kol, a MOTIE official.

According to the MOTIE estimate, it will cost about 280 billion won (about \$345 million) to develop a commuter. The ministry plans to shoulder half of the development cost.

Even Boeing, the world's largest planemaker, is unwilling to go it alone.

"Having spent a huge amount of money to develop the new B-777 jetliner, Boeing probably is running short of investment funds for a commuter project," Yi said.

Boeing's choice was to enlist Chinese and Japanese firms who can share the development cost.

China, however, will not cooperate with Japan as it has already agreed with Korea to jointly develop a commuter plane.

"For the past six or seven years, China has in fact exchanged memoranda of understanding with many American and European firms on the commuter joint venture. But it appears to be most inclined to team up with Korea," said KAIA's Kim.

Seoul and Beijing are both willing to cooperate. But this does not guarantee a successful negotiations.

Seoul officials expect rough sailing for the talks scheduled for late September in Beijing. The expected key bone of contention concerns where to set up the final assembly plant.

China will probably insist on having it on its territory on the grounds that they have the experience of designing and producing a 50-seat commuter on its own.

But Korea is just as determined as China to have the plant. If they are in a deadlock over the issue, they may declare an end the negotiations and go their separate ways.

This is the worst-case scenario but Seoul officials do not rule out the possibility.

"Our primary partner is China. But when negotiations hit the snag, we may have to part with them and seek a Western partner," Kim said.

If things develop in this direction, the MD proposal for a joint production of the MD-95 aircraft can be attractive. Years ago, MD allowed its Chinese partner to assemble 20 MD-81 planes but was disappointed in the planes' quality.

"We don't expect China to take a soft stance in the talks. But we don't expect them to put forward unreasonable demands on us, either," MOTIE's Yi said.

How the negotiations will proceed will be a matter of keen interest not just for the two countries but for the foreign aircraft manufacturers who want to join the program.

Daewoo To Establish Joint Ventures With PRC

SK2008014694 Seoul THE KOREA HERALD in English 20 Aug 94 p 8

[Text] Daewoo Motor Co., as part of its global strategy to be among the world's top 10 automakers by 2000, is aggressively exploring new overseas markets by setting up joint ventures especially in China.

Daewoo Motor said yesterday that it has signed a contract with Jinan Bus Factory to set up a joint bus assembly plant with an annual production capacity of 5,000 units.

For the joint "Jinan-Daewoo Bus Co.," Daewoo said it will invest \$27 million.

The factory, to be located in Jinan, the capital city of the Chinese Shandong Province, will produce an annual 2,000 units in the middle of 1995 before expanding production to 5,000 units.

"Under our global strategy, we have put most of our energy into striking joint venture contracts with Chinese companies," said Kim Tae-kyu, president of Daewoo Motor.

Daewoo Motor, which plans to produce 200,000 to 300,000 passenger cars in China by 2000, has been the most active auto maker among local car producers to sign joint venture contracts, Kim said.

"We have so far struck contracts with Chinese companies to jointly produce auto parts or buses but if the Chinese situation allows, we plan to set up joint passenger car assembly plants there, possibly in 1997 or 1998," Kim said.

Daewoo concluded a contract with Guilin Autocoach Factory in the Chinese Guangxi Province last September to establish a joint bus assembly plant with an annual output capacity of 2,500 units.

For the \$35 million project, Daewoo contributed 60 percent and the Chinese side the remaining 40 percent, according to Kim.

Daewoo Motor is also nearing a contract with First Automobile Works in Changchun of the Chinese Jilin Province to set up a joint factory which can produce 300,000 passenger auto parts a year.

"The central Chinese government gave official approval for the auto parts project last July and we are at the end of negotiations on contract terms," Kim said.

Daewoo is also pushing ahead with its plan to set up a joint bus assembly factory in Xian with an annual output capacity of 5,000 units.

Under its global strategy, Daewoo plans to expand its production capability to 2.2 million passenger cars, including 1 million units from overseas factories, by the end of this decade.

Early last year, Daewoo signed a joint venture contract with Romania to produce 200,000 passenger cars a year.

It also concluded contracts with Iran to produce 50,000 passenger cars last year and with Vietnam and the Philippines to produce 20,000 passenger cars each.

Daewoo inked a joint contract with India this year for the production of an annual 50,000 passenger cars.

With Uzbekistan, Daewoo signed a contract to produce 180,000 passenger cars a year in 1992. It hopes to produce 300,000 cars in Russia by 2000.

Foodstuff Firm Plans To Open Factories in PRC

SK2008030094 Seoul THE KOREA HERALD in English 20 Aug 94 p 8

[Text] Miwon Co., one of the nation's largest feedstuff and seasonings manufacturers, has recently signed several contracts and letters of intent to construct feedstuff and seasonings factories in China which is emerging as the world's biggest market, a company spokesman said yesterday.

Miwon signed Thursday [19 August] a contract to establish a feedstuff factory in Beijing in a 6-to-4 ratio joint venture with Beijing Feedstuff Corp., said the spokesman. The joint venture will cost \$4.6 million.

Miwon also signed a contract Friday to build a \$3-million seasonings factory in Shandong Province in partnership with Shandong Huaxian Group, according to the spokesman.

Miwon expects the factories to produce from early next year 150,000 tons of various feedstuffs and 200 tons of stevioside and other seasonings annually for sale in China.

Miwon has also exchanged a letter of intent last May to construct a \$4-million seasonings factory in Zhejiang Province in a joint venture with Lanxi Gourmet Powder

Factory, said the spokesman. Miwon plans to sign a formal contract with the Lanxi Gourmet Powder Factory within this year for production of 20,000 tons of various seasonings annually starting late next year.

Miwon has the aim of dominating the Chinese market by investing \$15 million by the year 2000 in China whose demands for monosodium glutamate, core ingredient of seasonings, alone reach 40,000 tons per year and are expected to grow 10 percent annually, said the spokesman.

Miwon also has a plan to build a monosodium glutamate factory in the vicinity of Hanoi in a joint venture with Vietnam's Haiha Confectionary by the end of the year, said the spokesman.

Miwon already has a few seasonings factories in Indonesia and other Southeast Asian countries.

The seasonings company has also exchanged a letter of intent with Dingzhou Food Administration Factory to invest \$6 million to build a citric acid factory in Hebei Province with the annual production capacity of 7,000 tons, said the spokesman. The factory will open early next year.

Bohai Bay Area Preferred for PRC Investment

SK2008071494 Seoul YONHAP in English 0614 GMT 20 Aug 94

[Text] Seoul, Aug. 20 (YONHAP)—South Korean enterprises are preferring the coastal regions along the Bohai Bay to other Chinese regions as their investment zone, according to a survey conducted recently.

The survey, which queried 617 prospective investors in China, has found that 63.8 percent of them are wanting their investments in the region adjacent to the Bohai Bay that includes Beijing, Tianjin, Shandong Province and Liaoning Province.

According to the survey conducted by KOTRA's [Korea Trade Promotion Corporation] information center for the investment in China, Beijing topped the list of their choice for future investment with 19.2 percent, followed by Liaoning Province (18.6 percent), Shandong Province (12.6 percent), Tianjin (10.7 percent), Jilin Province (9.2 percent), Shanghai (9.0 percent) and Heilongjiang Province (6.1 percent).

Officials of the KOTRA attributed the Korean businesses' preference for the region to low material distribution costs, availability of ethnic Koreans, low wage, and relatively good social infrastructures.

As of the end of last year, the Bohai Bay region and Jilin Province accounted for 78.4 percent of Korea's total investment in China.

Jinro To Undertake Construction Project in PRC

SK2108041794 Seoul THE KOREA TIMES in English 21 Aug 94 p 8

[Text] Jinro Construction affiliated with the Jinro Group will take part in a mammoth construction project worth \$500 million to develop a special economic zone in Hainan, China.

According to a company spokesman, Jinro was recently awarded the project by the Wigusa Group of the United States which was designated the prime developer of the southern-most Chinese island province by the Chinese government.

Specifically, Jinro will participate in the development of Haikiki Bay on the outskirts of Haikou, the capital of Hainan.

The development of the bay sized at some 54 square km, which will kick off Tuesday, will be completed in the year 2001.

The development project includes the construction of a 900m-long Haimi bridge, a golf range, a yachting marina and amusement facilities.

Jinro Group chairman Chang Chin-ho will leave for China tomorrow to take part in a ceremony for the development of Haikiki Bay, the spokesman said.

Samsung, Hyundai Plan Auto Technology Import

SK2008014994 Seoul YONHAP in English 0031 GMT 20 Aug 94

[Text] Seoul, Aug. 20 (YONHAP)—Two leading heavy industrial companies affiliated with Samsung and Hyundai business groups are likely to file applications with the government as early as next week for respective importation of small-sized commercial motor vehicle and wagon-type automobile technologies from Japan.

Samsung Shipbuilding and Heavy Industry Co. plans to sign a contract with Japanese automaker Nissan Diesel next week in Seoul to import its technical know-how of producing two types of small commercial cars—1-ton truck and minibus, industry sources said Saturday [20 August].

The company is expected to submit a technology import application to the Trade, Industry and Energy Ministry soon after concluding the contract, the sources said.

Samsung is likely to apply for the introduction of technology related to the production of small commercial cars first, and later determine whether to apply for the importation of passenger car technology, they said.

Meanwhile, Hyundai Precision and Industry Co., which signed a contract with Japan's Mitsubishi Motors last February to buy technology for its Chariot' model wagons, is expected to submit an application next week or toward the end of this month at the latest.

"We will submit the application by the end of August," a Hyundai official said. "If the government approval for technology cooperation for Chariot' model is delayed too long, we will have difficulties in our marketing strategies for our jeep model Galloper as the special excise tax is to be imposed on the car from next month."

Public attention is growing over whether the government will approve the two business groups' applications as they are linked to Samsung's long-cherished ambition to branch out into passenger car industry.

Even if the Chariot' model is classified as a wagon by the relevant law of the Transportation Ministry, it is very similar to passenger car in its concept. If the government accepts Samsung's application, it may expedite Samsung's advance into the passenger car business.

Deal Signed To Build Lao Hydroelectric Plant

SK2108044094 Seoul THE KOREA HERALD in English 21 Aug 94 p 8

[Text] Dong Ah Engineering & Construction Co. has struck a \$498.41 million deal with the Laotian government to build a hydroelectric power plant with a capacity of 300,000 kw in southern Laos, a company spokesman said yesterday.

Under the agreement, Dong Ah will shoulder 55 percent of the projected investment, while the Laotian government covers the remaining 45 percent.

It will take five years to conduct work ranging from a feasibility study and test operation of the planned Sepian and Senamnoy power plant, which will be built in the Bolovens Highlands.

Dong Ah will have the right to operate the power plant for 30 years before the contractor hands it over to the Laotian government.

If completed as planned in 1999, the power plant will sell its electricity to Thailand and Vietnam, said the spokesman, adding that the proceeds of the yearly sale are estimated at \$94.6 million.

On June 3, Laos and Thailand exchanged a memorandum of understanding on the former's supplying 1.5 million kw of electricity to the latter yearly from the year 2000, he said.

Under the accord, the Laotian government is pushing for 19 projects to construct power plants, and chances are high that the Korean contractor could land additional power plant orders, the spokesman said.

Seoul New Observer to OECD Fiscal Committee

SK2308033194 Seoul YONHAP in English 0257 GMT 23 Aug 94

[Text] Seoul, Aug. 23 (YONHAP)—South Korea has become a new observer country on the Organization for

Economic Cooperation and Development (OECD) Committee on Fiscal Affairs, the Foreign Ministry said Tuesday.

The OECD Secretariat recently notified the ministry that the OECD Council of Permanent Representatives in Paris, France, has approved South Korea's application for membership as an observer country on the committee.

South Korea applied for membership in July last year in an effort to promote its internationalization in the fields of finance and taxation and to strengthen the competitiveness of its economy.

The country was already participating in two of the five financing-related panels—the committee on capital movement and invisible transactions and the committee on international investment and multinational enterprises—and with the OECD's approval, it can now be an observer on the three committees.

South Korea, hoping to join the organization as a regular member by 1996, has expanded its participation in OECD committees. It is taking part in 16 of the 26 committees and in two of the four affiliated bodies under the OECD's control.

Semiconductors Total '11.6 Percent' of Exports

SK2008040894 Seoul THE KOREA HERALD in English 20 Aug 94 p 8

[Text] Exports of semiconductors accounted for 11.6 percent of the country's total exports for the first half of this year, reaching \$5,459 million, a 60.4-percent increase from a year earlier, according to industry sources.

The increase rate was the highest among export items and industry sources expect semiconductor exports to reach \$12 billion by the end of the year.

It will be the first time ever that exports of one item exceeds \$10 billion.

Semiconductor exports are likely to account for up to 12 percent of total exports by year-end, said the sources. Exports of semiconductors took up 8.8 percent of the total exports in 1992 and 9.8 percent in 1993.

Semiconductors emerged as the country's largest export item last year when its exports recorded \$8.1 billion, surpassing the \$7.32 billion of textile exports. In 1992, semiconductors were the second-biggest export item after textiles.

Exports of consumer electronic products reached \$3.34 billion or 7.1 percent of total exports during the first six months this year while exports of textiles and fabric products reached \$3,065 million or 6.5 percent of total exports, said the sources.

Shipments of steel products were \$2,656 million or 5.6 percent of total exports while exports of automobiles took up 5 percent, \$2,367 million, of total exports, according to the sources.

'Overhaul' of Construction Regulations Planned

SK2008034794 Seoul THE KOREA TIMES in English
20 Aug 94 p 16

[Text] The government will overhaul unfair and unclear regulations and practices in construction this year to prevent possible claims from foreign contractors who will freely participate in domestic construction projects from Jan. 1, 1997.

A technology-oriented bidding system will be introduced so that domestic construction companies seek to sharpen their technological competitiveness rather than achieve rock-bottom prices.

Career certificate in the form of computerized career cards will be issued to all construction technicians to encourage specialization in each construction sector.

Computerized records of the career of technicians will be used in the prequalification screening of construction bids.

Prequalification screening criteria will be revised so as to reflect to a greater extent the technical ability, experience and sincerity of the skilled persons who are to be mobilized into the construction project the bidder hopes to undertake.

Bidding will be divided into areas of price and technology and more emphasis will be given to the technology sector than low prices.

New technology will be protected for a maximum 10 years instead of the current five years, while procedures in applying for designation of new technology will be simplified.

These are some of the ways to enhance technological competitiveness in construction in preparation for the opening of the domestic construction market drawn up by the Construction Ministry.

Foreign contractors will be allowed to open branches in Korea, starting Jan. 1, 1996, following the lifting of the ban on foreign contractors from setting up wholly-owned firms here, starting Jan. 1 this year.

Foreign contractors will be able to participate in public construction projects worth 5 million SDRs [expansion not given] (some 5.3 billion won) or more from the central government and 15 million SDRs (some 16 billion won) or more from provincial governments and state-invested corporations.

A ministry official said that the program aims at encouraging construction companies to develop the technology to compete with contractors from advanced nations and

at internationalizing domestic construction practices and regulations because of possible claims from foreign companies.

He said that foreign contractors will be most likely to place claims against unfair and unclear contract terms, against probable delays of construction as a result of delayed compensation for land and other individual complaints and against piracy of foreign patent rights.

In this connection, 40 out of 196 construction criteria, including project method statements or specifications, will be clarified in detail to prevent possible claims.

Current standard construction unit prices set by the government will be abolished as the system does not reflect reality.

Construction Sites of 3 New Nuclear Plants Noted

SK2108041594 Seoul THE KOREA TIMES in English
21 Aug 94 p 9

[Text] The Korea Electric Power Corp. (KEPCO) has finally selected sites on which to build three new nuclear power plants, the construction plan of which has long been adrift due to a vast upsurge of not-in-my-backyard (NIMBY) sentiment among local residents, a KEPCO report said.

The KEPCO plans to construct 14 nuclear power plants by 2006 but it has had difficulties choosing the sites for three of the planned plants due to obstinate opposition from residents in the places which KEPCO had originally selected as construction sites.

The corporation has had to select sites adjacent to some existing plants as local residents there agreed to the construction, said the report filed with the ruling Democratic Liberal Party (DLP).

One of the three, heavy-water reactors will be built in the vicinity of the Wolsong plant in North Kyongsang Province and the remaining two, both light-water reactors, near Kori in South Kyongsang Province, the report said.

KEPCO had originally planned to construct two light-water reactors in Tuksan near Samchok City in Kangwon Province or in Songgong in Shinan, South Cholla Province, but had to change the sites because of opposition from residents.

DLP Considering Early Convention for 'Overhaul'

SK2008014794 Seoul THE KOREA HERALD in English
20 Aug 94 p 2

[Text] The ruling Democratic Liberal Party (DLP) appears to be considering advancing a national convention slated for May next year in order to overhaul party leadership.

The DLP has yet to formally announce its position on the issue, but signs that the party is moving to hold the political rally earlier than scheduled are emerging.

Reports suggested that the DLP is planning to overhaul major party structures including the party leadership by February, timed to coincide with the second anniversary of President Kim Yong-sam's inauguration.

As a first step, the party intends to wind up its plan to reshape party organizations, including replacements of chairmen of the party's troubled local district chapters, before the opening of the National Assembly regular session slated for early next month, according to a party official.

"Party leaders seem determined to hold the convention early next year after the regular session ends in-mid December," the official said.

He also indicated that party Chairman Kim Chong-pil, the No.2 man in the DLP hierarchy after President Kim who concurrently heads the DLP, may be replaced.

"Next year's party convention will be an occasion to renovate the image of the party ahead of local elections slated for the first half of next year," the official said.

Another DLP official said that it is generally viewed among ruling party members that the party will see a repeat of its setback in the Aug. 2 by-elections for the National Assembly in the local polls unless there is a change in the party organizations and leadership.

He said there is a possibility that President Kim may seek to solidify his control of the party through the replacement of the party chairman.

The party chairman, who supervises party affairs under the orders of the party president, is appointed with the approval of the national convention upon nomination by the party president.

Chairman Kim Chong-pil and a majority of conservatives have co-habited with President Kim's followers with different political backgrounds and ideology within the party since 1990.

But speculation that Chairman Kim will not gain renomination from President Kim during the convention gained momentum when President Kim carried out a major reshuffle of 15 chairmen of the party's municipal and provincial chapters and 44 members of the party's decision-making Central Executive Council Wednesday.

In the personnel change, the President positioned "his men" in front in an apparent move to tighten his control of the party and to prepare for the local elections.

Kim Tok-yong and So Sok-chae, both most trusted associates of President Kim, were appointed as chairmen of the party's Seoul chapter as and a member of the council, respectively.

But some lawmakers belonging to the majority conservative faction in the DLP expressed displeasure with the reshuffle which they said favors only loyalists to the President.

A DLP official said that President Kim may have started a plan to replace most of officials from the majority Minjong faction with his cohorts.

DLP Responds to Remarks on Chusapa Infiltration

SK2008014894 Seoul THE KOREA HERALD in English 20 Aug 94 p 2

[Text] The ruling Democratic Liberal Party (DLP) has been finally caught up in a dispute over followers of the late North Korean leader Kim Il-song's ideology.

The DLP, which had been sitting easy while its rival main opposition Democratic Party (DP) had been driven into a corner over the dispute, has been upset by remarks made by Pak Hong, president of Sogang University, that "chusapa" had infiltrated into the DLP too.

Chusapa refers to followers of "chuche" (self-reliance) ideology created by the deceased North Korean dictator Kim.

In an interview with a vernacular daily published on Friday [19 August], Pak alleged that chusapa had been active in the ruling party as well as opposition parties.

Pak Pum-chin, spokesman for the DLP, said yesterday, "I have no exact knowledge yet whether chusapa have been active in our party or not. But if they have, I think prosecutors will investigate them."

"The Sogang University president seemed to make the allegations as part of his efforts to give a warning to the public that chusapa have infiltrated into every part of our society," said the spokesman, who apparently tried to conceal the shock which the DLP faced.

He said that if chusapa had infiltrated into every walk of life as alleged by Pak Hong, the DLP could not be an exception.

Yesterday's comments by the DLP spokesman countered his comments made a few days ago over allegations that chusapa had been active only in opposition parties.

At that time, he issued a statement which seemed to advocate Pak Hong's remarks, saying, "I guess that Pak's allegation seem not to be based on groundless rumors or speculations."

The DP also continued yesterday to try to restore its image damaged by the chusapa dispute.

The party sent a mission to Pak Hong to listen to details about Pak's allegations.

The mission asked the university president to identify the politicians affiliated with chusapa.

However, the details in connection with the visit by the mission to Pak were not available immediately.

In addition, the DP urged the prosecutors to make a thorough investigation into Pak's allegations and take steps to cope with the situation.

Pak, a Catholic priest who alleged last month that North Korean de facto leader Kim Chong-il controlled the chusapa student activists, further sent a shock wave through the country by stating in a recent interview with a U.S. branch of a domestic daily in Los Angeles that about 750 chusapa people had been in active in an opposition party.

A spokesman for the DP said, "Pak has caused an ideological dispute in our society and confused the people by making remarks on chusapa without presenting concrete evidence. Pak's remarks should be brought to light."

In the meantime, Pak reportedly told the prosecutors that he had made the remarks in a bid to keep South Koreans from being used by North Korea as a tool in Pyongyang's strategy to communize the Korean peninsula.

Pak also said that his allegations were made based on individual contacts with North Korean scholars who he met at seminars abroad, South Korean student activists, and stories he heard at confessions as a Catholic priest, according to the prosecutors, which investigated him secretly Tuesday.

He also reportedly told the prosecutors, "My remarks that about 750 chusapa people are active in an opposition party were misunderstood. I originally revealed that about 750 chusapa have infiltrated politics and religion as well as the press."

Minju Faction of DLP Filling Important Posts

SK2108040994 Seoul THE KOREA TIMES in English
21 Aug 94 p 2

[From the "Press Pocket"]

[Text] The Minju faction, a minority group within the ruling Democratic Liberal Party [DLP] which has virtually held sway on party affairs under the auspices of president Kim Yong-sam, its original leader, is consolidating its grip by filling important party posts with its members and drafting a party restructuring plan.

President Kim's recent appointment of Rep. Kim Tok-yong, So Sok- chae and other trusted aides to key party posts is widely believed to be the initial step of the Minju faction's long-term plan to control the party. Kim and So were President Kim's former secretaries when he was an opposition leader and they fought for democratization of the nation alongside him.

Informed sources within the party said yesterday that the powers- that-be of the Minju faction plan to hold a national convention early next year to prepare for the local elections in June.

In the national convention, the Minju faction leaders will apparently move to replace current DLP chairman Kim Chong-pil, whom they regard as a holdover of the past military dictatorship and guardian of conservative forces within the ruling camp, according to the sources.

Kim, head of the smallest Konghwa faction, is reportedly displeased with the recent party reshuffle over which he was totally kept in the dark. Kim, a leader of the 1961 military coup, co- founded the DLP in 1990 through a merger along with President Kim, then leader of the second largest opposition party, and former President No Tae-u, then ruling party president.

The Minju faction is reportedly considering revising the party constitution so as to introduce the co-chairman system or vice president system to relieve Kim Chong-pil of his important party post in the party's next national convention. The national convention was supposed to be held last May but President Kim postponed it.

The DLP will announce shortly the new chairmen of 25 party district chapters, including Seoul, Chung and Changhung electoral districts, as part of its restructuring plan.

It was learned that most of the 25 posts, almost one-tenth of the total district chapters, will go to figures tapped by the Minju faction. Securing as many district chapter chairman posts as possible is important for it to get a grip on party power and win the presidential nomination for its standard bearer in the future because every chairman controls a certain number of delegates to the national convention.

Home Minister Choe Hyong-u, senior leader of the Minju faction, is widely regarded as the successor to DLP chairman Kim Chong-pil, according to political observers.

DP Proposes Joint Investigation of Chusapa Claim

SK2108044394 Seoul THE KOREA HERALD in English
21 Aug 94 p 2

[Text] The main opposition Democratic Party (DP) proposed to its rival ruling party yesterday that a joint investigation be launched into the month-long controversy created over a university president's remarks on "chusapa" or followers of North Korean ideology of "Chuche" (self-reliance).

The ruling Democratic Liberal Party (DLP), however, rejected the proposal, stating that Sogang University President Pak Hong's chusapa remarks had just been made as part of his efforts to warn the public how deeply and widely chusapa infiltrate into the society and thus do not need to be investigated by political circle.

Kim Yong-suk, deputy spokesman for the DP, said, "If chusapa have been active in the opposition party as alleged by Pak, it is a serious problem. But if chusapa

have infiltrated into the ruling party, it is a more serious problem because the ruling party is engaged in state affairs by itself."

Saying that the DLP, accordingly, should exert more efforts to bring the chusapa dispute to light than the DP, Kim said, "Our party formally suggests to the DLP that a joint investigation team be formed to find out truths of Pak's allegations."

Pak, a Catholic priest who alleged last month that North Korean de facto leader Kim Chong-il controlled the chusapa student activists, sent a further shock wave through the country a week ago by saying that about 750 chusapa people had been active in an opposition party.

Alleging later that chusapa had been active in the ruling party too, the Sogang University president caught the DLP up in the chusapa dispute too.

A spokesman for the DLP said, "We do not feel a need to investigate jointly into Pak's allegations because we believe the university president has made such remarks in a bid to let the people know that chusapa have infiltrated into every part of our society to considerable extent."

In the meantime, Pak is expected to make public his position on the controversial issue in a meeting with a club whose members are composed of employees working in the nation's broadcasting stations, scheduled to be held Thursday [24 August], Rep. Yi Won-hyong of the DP said yesterday.

The university president notified Yi of the plan by phone.

On Friday, Yi and other DP lawmakers visited Pak's office at Sogang University in order to lodge a protest against his remarks, but they did not meet Pak as he has been staying at an unknown place.

DP's Tonggyo-tong Faction Contemplating Position

SK2008014494 Seoul THE KOREA TIMES in English 20 Aug 94 p 2

[By staff reporter Pak Sung-yong]

[Text] Members of Tonggyo-tong faction, the largest one in the main opposition Democratic Party [DP] composed of followers of former opposition leader Kim Tae-chung, are now on a two-day tour of the Kangwon Province area.

During the tour which will last until today, they stopped off at some historical places there yesterday and will visit the Unification Observatory Post in Kosong today. A member said the tour was just a summer picnic.

But at this time when factional infighting over party hegemony is growing heated, this move by the largest faction in the DP has good reason to draw the other factions' attention.

Party insiders said the Tonggyo-tong faction was expected to decide what position it would take in ongoing factional competition for the party leadership and what role it would play in operation of the main opposition party. Tonggyo-tong is the name of the place where Kim Tae-chung's residence is located.

The Kim Tae-chung's faction, now led by Rep. Kwon No-kap, had supported Yi Ki-taek but since Yi revealed his intention to "stand on his own feet," after the by-elections, Kwon has vowed, "We could push our own runner for the competition for the party leadership."

Each faction in the DP is watching the move with keen interest. Followers of Yi were expressing welcome. "I don't think they have any alternative but to support Yi at this moment," a close aide to Yi said.

Rep. Kim Sang-hyon played down the faction's move, saying, "It's just an event that could happen anytime."

Some political analysts said the leaders of the faction had planned the tour to solve their own problem.

They said the faction feels a desperate need to strengthen its solidarity.

"Their solidarity has been weakened since former DP leader Kim Tae-chung announced his retirement from politics after being defeated in the presidential election. In this connection, the faction's top agenda item now is how to restore its influence in party affairs without Kim Tae-chung support," an analyst said.

The tour is part of its efforts to solve this problem, he added.

"The leaders of the faction plan to hold a meeting to decide its position on recent developments around the DP on the basis of what will be discussed during the tour," said a lawmaker belonging to the faction.

Prosecution Indicts Former KEPCO President

SK2008070594 Seoul YONHAP in English 1445 GMT 20 Aug 94

[Text] Seoul Aug. 20 (YONHAP)—The prosecution on Saturday [20 August] indicted former Korea Electric Power Corp. [KEPCO] president, An Pyong-hwa, on charges of graft.

An is charged with having taken a total of 1.2 billion won (1.5 million U.S. dollars) from five corporation in connection with atomic power plant construction projects.

The prosecution also indicted without detention Daewoo Group Chairman Kim U-chung, Donga Construction Co. Chairman Choe Won-sok, and Samsung Construction Co. Chairman Pak Ki-sok. The former two are charged with having given An 200 million won each, and the last 300 million won.

In addition, An is alleged to have received 300 million won in bribes from former Chairman Chong Hun-mok

of Hyundai Construction Co. and 200 million won from Pak Pyong-chan, chairman of a Korea-based agent for Canadian Atomic Power Corp.

Chong Hun-mok is staying abroad as an advisor to the International Bank for Reconstruction and Development (IBRD). Pak Pyong-chan is in detention.

Of the bribes An received, the prosecution has reportedly confiscated 530 million won, 500 million won in certificates of deposits and 30 million won in cash.

Former President's Aide Combats Ill Feelings

SK2008014394 Seoul THE KOREA TIMES in English 20 Aug 94 p 2

[Text] There has been futile efforts by the side of former President Chon Tu-hwan to assuage the feelings of Chong Sung-hwa whom he "crushed" on the fateful day of Dec. 12, 1979, it was belatedly learned.

Chang Se-tong, righthand man of Chon, visited former generals who were "victimized" in the so-called coup-like military mutiny led by Chon.

Those visited by Chang included Korean Veterans' Association Chairman Chang Tae-wan, who was Chang's superior at the time of the Dec. 12 incident, and Yi Chae-chon, then deputy chief of the Presidential Security Office. They were told of Chon's alleged intention to bury the hatchet of the past.

However, Chong flatly turned down the attempt by Chon's side to reconcile.

The alleged proposal made to Chong was that Chong and Chon hold a joint press conference to express regrets over the incident and put to rest the lingering debate on the incident.

Now, the two sides are involved in a legal battle with Chong's side asking the prosecution to start an investigation of what it calls the usurping of power.

Meantime, Chon's side fielded a countersuit on charges of damaging its honor.

According to an article in local daily, Chang asked chairman Chang if he really wants to send him to jail in connection with the Dec. 12 incident. Chairman Chang answered that he can forgive him personally. However, it is not a personal issue. From the standpoint of public cause and interest, Chairman Chang reportedly said justice must be done, the article said.

In a meeting with Yi, Chang complained it is not plausible for generals to bring legal suit against field grade officers. Yi answered that it is a field-grade officer who carried out inhumane torture of Chong, who was Army chief of staff and martial law commander at the time of the Dec. 12 incident.

On Dec. 12, 1979, Chong was whisked away by soldiers loyal to Chon under the pretext of investigating the assassination of former President Pak Chong-hui.

Following the incident, Chon emerged as the new leader and eventually came to power.

Hyundai Management Plans To Resume Normal Work

SK2008035694 Seoul THE KOREA HERALD in English 20 Aug 94 p 3

[Text] ULSAN—The management at Hyundai Heavy Industries Co. [HHI], plagued by a 57-day-long labor dispute, yesterday pushed ahead with its plans to resume normal work, while continuing talks with union leaders in a "desperate" effort for compromise.

Some unionists returned to normal work, amid concerns that it may trigger a scuffle with other unionists.

Major stumbling blocks at a four-hour session Thursday [18 August], attended by four working-level officials from each side, included the union demands that the management withdraw its "no-work-no-pay" principle and legal complaints which it filed with authorities against union leaders.

Yesterday's meeting was held three days after the management lifted its 28-day-long lockout in an effort to settle the drawn-out labor dispute at the nation's largest shipyard.

Following unsuccessful negotiations Thursday, HHI President Kim Chong-kuk told reporters that the management was accommodating all possible union demands, and pledged to make a "last-ditch effort for compromise."

Union leader Yi Kap-yong vowed to make "all possible efforts to bring about an autonomous accord" at the next meeting.

Meanwhile, a rift among the shipyard's 21,000 union members over whether to continue the strike flared up Thursday when the union tried to dismiss 23 delegates who called for an immediate end to the strike.

As a result, a melee took place and 12 unionists were injured and hospitalized.

The Ministry of Labor, in the meantime, yesterday sent a letter to both the union and management in which it called on both sides to abide by the no-work-no-pay principle.

'54 Percent' of Hyundai Strikers Return to Work

SK2108043794 Seoul THE KOREA HERALD in English 21 Aug 94 p 3

[Text] Ulsan—Over half of the 25,000 workers at Hyundai Heavy Industries [HHI] Co. here returned to

normal work amid a 58-day-long labor dispute yesterday, while the management and union leaders held last-ditch collective bargaining to help end the dispute.

Though the management and the labor have not struck an agreement in their collective bargaining, 54 percent of the unionists returned to work, halting the strike.

As of yesterday, 33 percent of the workers called for end of the strike and an early normalization of the shipyard, requesting the union leaders sign as early as possible an agreement with the management on this year's collective bargaining.

Earlier in the day, HHI president Kim Chong-kuk and union leader Yi Kap-yong met to continue negotiations in some points, including the management's "no-work-no-pay" principle, the union's call on the management to withdraw an earlier complaint filed with the police against some union leaders, and the pay raise.

The meeting was held four days after the management lifted its 28-day-long lockout in an effort to settle the drawn-out labor dispute at the nation's largest shipyard.

Intra-Union Clashes Intensify

SK2308075994 Seoul YONHAP in English 0531 GMT 23 Aug 94

[Text] Ulsan, South Korea, Aug. 23 (YONHAP)—There were no reports of major clashes between strikers and nonstrikers at the country's largest shipyard here Tuesday [23 August] morning as the leadership of the union kept strikers from approaching workplaces.

Some 9,500 of 18,000 workers who showed up at the Hyundai Heavy Industries (HHI) Shipyard are engaged in normal work, raising the operation rates in some departments, including the construction business headquarters, the Heavy Engineering Equipment Division and the Heavy Electric Business Headquarters, up to over 60 percent, the company said. The union has 22,000 members.

The union leadership instructed striking members earlier in the morning never to approach the workplaces lest any physical clash harm the last-ditch collective negotiation slated for 2 P.M. [0500 GMT]

The two-month labor dispute at Hyundai Heavy Industries (HHI) has recently entered a new phase amid growing frequency of clashes between strikers and non-strikers.

Workers injured in the clashes since management lifted its lockout early last week numbered 81 as of Tuesday morning, company officials said.

The union and management are set to meet again Tuesday, the 61st day of the strike, but the prospects for settlement of the dispute are slim as hard-line unionists are expected to use force to check management's plan to

normalize operations at the nation's largest shipyard by returning more employees to their workplaces.

At issue in the negotiations are management's "no-work, no-pay" principle and plans to charge union leaders with instigating violence and an illegal strike. Management has decided to file suit against 120 union leaders for their roles in the illegal work stoppage, in addition to the 200-odd hard-line strikers already charged with violence.

Labor strife has been an annual event at HHI since 1987, prompting the government to adopt a policy of leaving the dispute to the company to settle through dialogue between the union and management.

If Tuesday's meeting fails and the clashes between union hawks and doves intensify further, however, the government will likely invoke its emergency arbitration power and intervene in the dispute, government officials said.

Seoul Said Planning Increased R&D Investment

SK2108041394 Seoul THE KOREA TIMES in English 21 Aug 94 p 2

[By staff reporter Pak Sung-yong]

[Text] Taedok, South Chungchong Province—Prime Minister Yi Yong-tok has revealed that the government is planning on drastically increasing investment in research and development in order to catch up with advanced nations.

Meeting with scholars in the Taedok Science Town, Yi said investment in research and development of new technology will grow to account for about 3 to 4 percent of GNP by 1998.

He said the government is now drawing up an epochal support plan for the development of science and industrial technology so that the nation can be on par with advanced nations in technological fields by 2010.

Prime Minister Yi said the government will continuously back the development of Taedok Science Town so that it will be as competitive as technological towns in advanced nation. For this purpose, the government will provide all administrative support.

Any red tape in the way of the development of the town will be eliminated, he promised.

Prime Minister Yi was told of inconveniences and difficulties researchers face in carrying out their research.

Prior to the dialogue, Yi toured the research facilities in the nation's top science town.

Nuclear research reactor and storage areas for radioactive wastes were among the facilities the Prime Minister inspected.

He was accompanied by Science-Technology Minister Kim Si-chung, Taejon Mayor Yom Hong-chol, and Vice Trade-Industry-Energy Minister Pak Un-so.

Seoul Plans To Lower Tax Rate on Idle Land

SK2108044494 Seoul THE KOREA HERALD in English 21 Aug 94 p 8

[Text] In response to a recent court ruling against the tax levied on idle land whose value has increased excessively, the government plans to lower tax rates and raise tax credits next year.

The government will send a revision bill to the law governing the tax to the National Assembly for approval during its regular session starting next month, the Ministry of Finance said yesterday.

Last month, the Constitutional Court came close to declaring the law unconstitutional when it ruled that the law's articles concerning the uniform tax rate of 50 percent and the tax base do not conform to the Constitution.

This tax is different from capital gains tax as it is levied on unrealized gains.

The ministry said the 50 percent tax rate will continue to apply to a tax base in excess of 10 million won while the rate applying to a tax base up to 10 million will be reduced to 30 percent.

The tax base, which refers to the value of items that can be taxed, is calculated by deducting a normal price increase from the increase in the price of a land plot during the three-year taxable period.

The minimum taxable tax base will be raised from the current 200,000 won to 1 million won, the ministry said.

When the price of a land plot has fallen, the ministry said, the price difference will be deducted from the tax base during the next taxable period.

The government will suspend regular nationwide taxation when the average increase in land prices goes below the rate of time deposits, the ministry said. Instead, it said, the government will levy taxes only in areas of land speculation.

When the land is sold within three years after the tax is levied on its excessively increased value, the total amount of the tax payment will be deducted from the capital gains tax.

Sixty percent of the tax payment will be deducted from the capital gains tax when the land is sold in six years.

Currently, the capital gains tax credits are 80 percent of the tax paid on the excessively increased land value when the land is sold in a year, 60 percent when it is sold in three years and 40 percent when it is sold in six years.

The ministry said those who do not have houses but own up to 660 sq. meters of land will not be required to pay the excessively increased land value tax. Currently, the tax exemption is given to such people owning up to 198 sq. meters of land in the six largest cities in the nation and 264 sq. meters of land in other cities.

But the approval by the National Assembly of the government-proposed lower tax rates and larger tax credits appears to be far from assured as many lawmakers, particularly opposition lawmakers, demand that the law be abolished, not revised.

Many legal and tax experts, who have qualms about taxing unrealized gains, support the demand for the repeal of the law.

A group of university tax professors has recently appealed to President Kim Yong-sam to help abolish the law. In a rebellion against the law, many taxpayers have filed suits.

But the government is adamant in its opposition to the idea of drastically weakening the law, not to mention its repeal, on the grounds that nothing has been a stronger weapon against speculation.

The government's argument may be supported by the fact that land prices declined 7.4 percent last year after surging 32 percent in 1989 when the law was enacted.

Ministry: National Pension Law Change Planned

SK2008040794 Seoul THE KOREA TIMES in English 20 Aug 94 p 2

[Text] Seoul is expected to change National Pension Law soon so that it can agree with Washington on exempting short-staying businessmen of the two countries from social security taxes, Foreign Ministry officials said yesterday.

South Korea strongly demanded for U.S. social security payment waiver at last month's talks, the first of its kind, but was told that Washington is willing to do so only after Seoul changes its relevant domestic laws.

The current pension law in South Korea does not cover foreigners and will need revision, officials said.

The revision bill will be tabled at next month's regular National Assembly session, and the agreement on tax exemption is most likely to be reached in principle at the next talks with Washington sometime in the fall, they said.

The waiver will cover businessmen who stay five years or less in each other's country.

Seoul has raised the issue with Washington on the ground that most South Korean businessmen dispatched to the United States return in about five years.

U.S. law stipulates that a person must pay social security taxes for at least 10 years in order to reclaim benefits.

Ministry officials said they want to set up a system under which those who stay longer than five years and pay social security taxes in the host country can have their payment records counted in the home country as well.

This measure is designed to guarantee social security benefits for nationals who have to stay overseas for long periods and cannot pay taxes to their home government.

Burma**Three PRC Vessels Flying Burmese Flag Seized***BK2208145794 London BBC in Burmese to Burma
1345 GMT 22 Aug 94*

[Text] The Indian authority said it has seized three Chinese vessels in Indian waters off the Andaman Islands. Coast guard officials said the vessels, which were flying Burmese flag, are now docked at Andaman Islands' Port Blair. The official said 55 Chinese crew members were also arrested. The BBC Delhi correspondent said officials are suspicious about the incident, which took place on Thursday [19 August] while there are reports that the Chinese are helping Burma to build a guard post at a location close to north of the Andaman Islands.

Rangoon Radio Discloses Arrest of 5 Dissidents*BK2308015794 Rangoon Radio Burma in Burmese
1330 GMT 22 Aug 94*

[Text] Luggage belonging to Dr. Khin Zaw Win, a passenger on a flight from Yangon [Rangoon] to Bangkok, was searched on the evening of 4 July. Dr. Khin Zaw Win is a dentist living at No. 10 Mya Thida Street, 16th Ward, Yankin Township. Some documents critical of Myanmar [Burma], computer discs containing critical documents, and a Ministry of Energy report containing energy statistics were found in his luggage. It has been learned that the concerned authorities are continuing their interrogation of Dr. Khin Zaw Win.

According to disclosures made by Dr. Khin Zaw Win, who worked as a consultant to the UNICEF resident representative from March 1991 to December 1992, he had contact during this period with Daw San San Nwe of Room No. 20, Apartment No. 356, Yankin; U Khin Maung Swe of No. 13-D Shwelawin Street, Sanchaung Township; and U Sein Hla U of No. 14, 11th Ward, Sixth Mile, Prome Road, Hlaing Township. He also met with foreign journalists, contacted diplomats in some foreign embassies, and sent antigovernment materials to convey an erroneous impression of government undertakings to foreign countries. He said that his group met repeatedly in Yangon with Ko Phyu, who was sent by the ABSDF [All Burma Students Democratic Front] armed group in the jungle, and the exiled Sein Win [prime minister of the National Coalition Government of the Union of Burma]; exchanged information; and sent reports and manuscripts to publications produced by the insurgents in the jungle.

They also sent fabricated reports in order to convey an erroneous impression of Myanmar during the December 1992 visit to Myanmar by Professor Yozo Yokota, representative of the UN Human Rights Commission. It has been learned that Dr. Khin Zaw Win and his team arranged for a meeting with those who perpetually oppose the government and the Defense Services in order to report incorrect news.

Daw San San Nwe, U Khin Maung Swe, and U Sein Hla U fabricated and sent antigovernment reports to some diplomats in foreign embassies, foreign radio stations, and foreign journalists visiting Myanmar. Furthermore, they received, collected, and redistributed publications from the exiled organizations in the jungle. It has been learned that antigovernment literature was confiscated from their residences.

Daw San San Nwe met secretly with members of the underground Democratic Party for New Society to discuss the creation of open unrest and provide manuscripts to be included in the publications of the exiled organization in the jungle. On 21 April 1993 she met with two French journalists posing as tourists. They fabricated one-sided reports that are anti-Myanmar in nature. It has been learned that she cooperated with the French journalists by allowing herself to be filmed with her back to the camera to project a view of a Myanmar woman for use in propaganda abroad.

According to disclosures made by Dr. Khin Zaw Win, Ma Myat Mun Mun Tun helped him put antigovernment literature on computer discs and contacted and worked with members of illegal political organizations. Furthermore, Ma Myat Mun Mun Tun contacted and sent manuscripts containing antigovernment and antimilitary literature to the KHIT PYAING journal in the jungle.

U Khin Maung Swe and U Sein Hla U were given 10-year sentences in April 1991 for attempting to establish a parallel government. They were released on 1 May 1992 under Declaration No. 11/92 of the State Law and Order Restoration Council. Daw San San Nwe was detained on 22 July 1989 under Article 10-A of the Law Protecting the State from the Danger of Destructive Elements for her involvement in a National League for Democracy campaign to defy all forms of decrees and authority. She was released on 20 April 1990 by the concerned authorities. On the day of their release they were warned by the authorities not to engage in activities aimed at undermining the interests of the nation; creating disturbances; or undermining the prevalence of law, order, and tranquility. It has also been learned that they were repeatedly warned by the authorities to refrain from engaging in wrongful activities, yet they engaged in activities aimed at creating an erroneous impression at home and abroad of the national government's economic and political endeavors and modernization programs. Furthermore, they contacted insurgents that oppose the national government. Therefore, action will be taken against them under the law.

Nineteen Rebels Surrender on 8-19 Jul*BK2208145894 Rangoon Radio Burma in Burmese
1330 GMT 22 Aug 94*

[Text] Members of rebel organizations from the jungles, who have come to realize their wrongdoings and who

have accepted the work being undertaken and the genuine goodwill of the State Law and Order Restoration Council, have given up their armed struggle and have surrendered their arms and ammunition at various military camps. During 8-19 July, 19 rebels returned to the legal fold and were warmly welcomed by responsible personnel concerned at the camps.

Brunei, Malaysia & Singapore

Malaysia

Japan's Speaker Doi Arrives for Three-Day Visit

Will Meet Counterpart

OW2108125694 Tokyo KYODO in English 1220 GMT 21 Aug 94

[Text] Kuala Lumpur, Aug. 21 KYODO—Japan's House of Representatives Speaker Takako Doi arrived Sunday [21 August] in Malaysia for her three-day visit on the first leg of a three-nation Asian tour.

Doi, who is on her first official trip abroad since taking office last year, is also scheduled to visit Singapore and China.

While in Malaysia, she will meet her counterpart Mohamed Zahir Ismail and Prime Minister Mahathir Mohamed for talks Monday, as well as members of the Japanese community.

She is expected to reiterate Japan's regret for invading and occupying Asian countries prior to and during World War II, and to emphasize that Japan will never wage war again, as the 50th anniversary of the end of the war comes up next year.

Apologizes for Wartime Actions

OW2208141294 Tokyo KYODO in English 1354 GMT 22 Aug 94

[Text] Kuala Lumpur, Aug. 22 KYODO—Japan's House of Representatives Speaker Takako Doi, on her first official trip abroad, apologized Monday [22 August] in Malaysia for Japan's aggression during World War II and gave her assurance that Japan will not wage war again.

Doi, who is on the first leg of a three-nation Asian tour that includes Singapore and China, made the remarks in meetings with Prime Minister Mahathir bin Mohamed and her Malaysian counterpart Mohamed Zahir Ismail, Japanese and Malaysian officials said.

Her comments came as Japanese Prime Minister Tomiichi Murayama begins a four-nation tour of Southeast Asia from Tuesday, including a stop in Malaysia, during which he is expected to echo his remorse for Japan's invasion and occupation of Asian countries during the war.

Doi expressed her sorrow for Japan's war actions to Mahathir and said Japan has no ambition to become a superpower, Japanese officials said.

Mahathir replied that it is more important to look to the future than the past, and that it was a pity Japan's feelings over the war were preventing it from joining peacekeeping missions abroad, the officials added.

Mohamed Zahir Ismail also welcomed Doi's statement that Japan intends to remain pacifist and not reemerge as a military power, saying it is a "good attitude."

"There is no use or benefit in this changing world to become a military power...except to waste money and energy by spending our wealth on the military instead of on development for the people," he told reporters after meeting Doi at Parliament House.

Doi, he added, pointed out that Japan wants to live peacefully to mutually prosper with other nations, and that the undesirable events of the past should be "forgotten."

He also backed Doi's proposal for an Asia-Pacific meeting of parliamentary speakers, possibly in Tokyo next spring, to increase cooperation and discuss issues such as parliamentary reforms and tighter rules to prevent "ugly" incidents such as fighting during sessions.

Mohamed Zahir Ismail said Doi is the first Japanese parliamentary speaker to visit Malaysia and that he was glad her first trip was to his country, which enjoys close ties with Japan.

Doi arrived Sunday on a three-day visit to Malaysia. She also met members of the Japanese community in Malaysia. She leaves for Singapore on Tuesday.

Al-Arqam Leader's Wish To Return 'Positive'

BK2208143594 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 22 Aug 94

[Text] The government considers al-Arqam leader Ashaari Muhammad's wish to return to the country as a positive step in efforts to rectify the mistakes committed by the outlawed movement. Deputy Minister in the Prime Minister's Department Datuk Dr. Abdul Hamid Osman said Ashaari was welcomed to return and live with followers back to the right path. He told reporters this after launching the prophet anniversary celebrations at the Islamic Civilization and [words indistinct] Department of Universiti Kebangsaan Malaysia [National University of Malaysia] in Bangi. Datuk Dr. Abdul Hamid said Ashaari would be allowed to carry out business activities, but he has to abide by the country's laws. He was commenting a news report two days ago that Ashaari wanted to return to Malaysia from Thailand where he has been living in self-imposed exile.

Meanwhile, Inspector General of Police Tan Sri Abdul Rahim Noor said Ashaari must abide by Malaysian laws if he enters the country. He said the country's laws were

not confined to the acts of Parliament but also fatwas, religious rulings, issued by the National Fatwa Council. However, he said no warrant had been issued for Ashaari's arrest.

Cambodia

Further Reports on Hostages Held by Khmer Rouge

Western Diplomats Leave Area

BK2308102694 Hong Kong AFP in English 0958 GMT 23 Aug 94

[Text] Phnom Penh, Aug 23 (AFP)—Western diplomats on Tuesday left southern Cambodia, where three westerners are being held hostage by the Khmer Rouge, following a government ban on journalists and diplomats in the area, a witness said.

Representatives from the Australian, British and French embassies left their hotel in the town of Kampot in a convoy, guarded by a security detail of two truckloads of soldiers, television producer Jason Bleibtreu said.

Bleibtreu said journalists had remained in Kampot despite the Phnom Penh ban, and added that up to his mid-morning departure, the media had not been instructed to leave the province by local authorities.

But he said a roadblock had been set up near Kep, about 10 kilometers (six miles) from the guerrilla-controlled area where Australian David Wilson, 29, Briton Mark Slater, 28, and French national Jean-Michel Braquet, 26, were believed to be held.

Co-premier Prince Norodom Ranariddh announced Monday that all journalists and diplomats would be banned from Kampot province for having "destroyed" government efforts to free the three western hostages.

The prince said the rebels were on the verge of freeing the three hostages for less than the initial ransom demand of 150,000 dollars, but had increased the asking price following intense media coverage of the incident.

The three hostages were captured on July 26 along with a number of Cambodians and three ethnic Vietnamese following a guerrilla attack on a train in Kampot province in which 13 people were killed.

There have been conflicting reports as to whether any Cambodians are still being held by the rebels, and a woman who claimed to have visited the rebel camp on Thursday said she saw no sign of the Vietnamese. [sentence as received]

Meanwhile, Khmer Rouge radio said that the three hostages had been "arrested" by villagers from Phnom Kau Sat and Kbal Romeas, and were now being protected against government bombardments.

In a broadcast monitored in Bangkok, which made no mention of Khmer Rouge involvement in the abduction of the hostages, the radio said that the situation could be resolved if foreign military aid to Phnom Penh were halted.

Australia, France and the United States had agreed to supply non-lethal military aid to the Cambodian government, which has been battling the Khmer Rouge since taking office in UN-sponsored elections in 1993.

Residents' Actions Praised

BK2308110194 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 22 Aug 94

["Commendation of the People, Pupils, and Students in Phnom Penh for the Lofty Patriotic Stance and Love for the People by the People in Kampot Concerning the Three Foreigners"]

[Text] After hearing more news from the people in Kon Sat and Kbal Romeas communes in Kampot Province, we—people, pupils, and students—in Phnom Penh, would like to again express our commendation because in our view this is highly significant and not easily achieved.

1. In terms of ethics, the Cambodian nation and people are the victims of 15 years of the Vietnamese war of aggression. Certain Western countries have come to establish the two-headed government and continue Vietnam's war of aggression. The Cambodian people have perished, been separated, and have suffered greatly. Despite all this the people of Kampot Province have cared for the three foreigners to ensure their safety.

2. It is a difficult situation now. It rains every day; two-headed government forces are invading and firing artillery and mortar shells into the area where the three foreigners are staying. However, the people continue to strive to be responsible and to defend them.

3. These compatriots have not asked for even one riel [Cambodian currency]. For us this represents the lofty spirit of love for the nation and the people. Our people are not warmongers; they are not greedy for money.

4. Our people love peace and want to end communist Vietnam's war of aggression. Our compatriots only want an end to all military aid to the two-headed government. This would solve the problem, and the issue of the three foreigners would end immediately.

5. The acts of our people show that they are ethical, humane, and think highly of human rights, not like communist Vietnam, its puppets, and a number of major Western power villains who talk very fast like dogs about humanitarianism, human rights, and democracy. In fact they are great criminals and great international murderers. They are daily cutting the throats of others, the throats of Third World countries, and those of the

Cambodian nation and people. They continue communist Vietnam's war to kill the Cambodian people daily. What was their response to the lofty act of patriotism and love by the people of Kampot Province? If they give a deceitful response, will it solve the problem? Will trying to trick with money solve the problem? Will a war response solve the problem? Will responding with a dispatch of troops to invade the area solve the problem? How should the problem be solved? This is a series of questions that these people must clearly answer themselves.

We admire, respect, and fully and completely assist the patriotic stance and love for the people by the people in Kampot Province, meaning that foreign countries should stop all military aid to the two-headed government. This is not a difficult thing to do; not one riel is spent, and it will also solve the problem immediately.

If Cambodia is peaceful, people from foreign countries will visit and do business at will and in a peaceful manner, and there will be longlasting friendly and brotherly relations.

KR Accused of Killing Kampot District Chief

*BK2208120894 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 20 Aug 94 pp 1, 2*

[Summary] At dawn on Wednesday 17 August, about 100 armed Khmer Rouge [KR] rebels attacked a village in Chumkiri District in the southern part of Kampot Province, killing four persons and wounding three.

According to an eyewitness, the district chief was among those killed in the attack. An independent source has confirmed that Sok Hai, the district chief, was killed. This is the second district chief killed by the Khmer Rouge in August, the first being Him Kheng, chief of Srei Snam District in Siem Reap Province.

Police in Chumkiri District say the Khmer Rouge are also looking to abduct foreigners working with nongovernment organizations in exchange for ransom, like the three foreigners at Phnum Voar. Fearful of further Khmer Rouge attack, many people left their village on 17 August.

A provincial official says the aim of the Khmer Rouge attack in Chumkiri District is either to divert government troops surrounding Phnum Voar or to kidnap more foreigners. However, another official says this is a Khmer Rouge trick; if government troops are withdrawn from Phnum Voar the Khmer Rouge will take the three hostages somewhere else. Then it would be very difficult to get the foreigners back no matter how much ransom is paid.

Khmer Rouge Ministry on Cultural Protection

BK2108132194 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 20 Aug 94

["Statement on the Great Danger of the War of the Communist Vietnamese Aggressors and Race Extremists and the Two-Headed Government, tool of Communist Vietnam, on National Culture, Literature, and

Customs, and the Solution to the Problem by the Ministry for the Protection of National Culture, Literature, and Customs of the Provisional Government of National Union and National Salvation"; dated 20 August—read by announcer]

[Text] The Cambodian nation and people have millennium-old high and glorious national culture, literature, and customs. Our national culture, literature, and customs have shone brightly during the Angkor era and later with over 500 temples and the water works system at Baray Toek Thla as symbols. Local and world histories consider the Angkor temples—with over 50 major temples, such as Angkor Wat, Angkor Thom, Banteay Srei, Bayon, Ta Prom, Preah Khan, Banteay Kdei, Ta Som, Neak Poan, Preah Ko Preah Keo, Bakong, Loley, Bakheng, Mebon, Pre Rup, and so on—the magnificent achievements of the genius of our nation and people. This is a noble cultural heritage for all of mankind. History also has determined that Cambodian civilization during the Angkor era was among the seven wonders of the world.

Our nation and people also are gifted in the arts, carving, music, song, dance, handicraft, silk weaving, metal works, and literature. There were many good poets and writers. Buddhism is rooted profoundly in the customs of our nation and people; it is the religion of our entire nation and people. Cambodian culture, literature, customs, and civilization are the cement holding our national union for thousands of years. For this reason, our nation and people love, and are happy and proud of, their culture, literature, and customs, and national identity. For this reason, all generations of Cambodian people have been resolute in their persistent struggle to safeguard the soul of the nation and their culture, literature, customs, and civilization.

In the present war of the Vietnamese aggressors and race exterminators, the Cambodian nation and people resolutely unite with the Provisional Government of National Union and National Salvation [PGNUNS] to continue waging a brave and courageous struggle against the communist Vietnamese to prevent our Cambodia from becoming a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam], to prevent the savage communist Vietnamese from killing the Cambodian nation and people, and to prevent the communist Vietnamese from destroying our nation's culture, literature, and customs.

I. On the destruction of our nation's culture, literature, and customs by communist Vietnam.

In the war of aggression and racial extermination in Cambodia, the communist Vietnamese have used every trick and method to kill the Cambodian nation and people and to destroy our nation's culture, literature, and customs.

The Ministry for the Protection of Culture, Literature, and Customs would like to inform our nation and people

about 10 concrete cases in which communist Vietnam and over 4 million Vietnamese are destroying our culture, literature, and customs. In fact, our nation and people are aware of this and are constantly suffering in their hearts.

1. The communist Vietnamese have been conscripting our people to fight and die on their behalf for more than 15 years. They have rounded up our people for the K-5 plan. Our people were separated and were suffering immensely. Furthermore, the Vietnamese have annexed tens of thousands of square kilometers of Cambodian territory in the east, from the Dragon Tail in the north in Ratanakiri Province, to southern Cambodia in Kampot Province, including the sea, continental shelf, and islands. They have systematically carried out a policy to Vietnamize Cambodia and to starve people. They have already brought 4 million Vietnamese nationals to Cambodia. Throughout Cambodia, the Vietnamese are plundering national and natural resources and the Cambodian economy and taking them to Vietnam. This has left the Cambodians poor and hungry; they are becoming beggars. The tragic and painful misery and famine are unprecedented in our nation's history.

The criminal and dark goal of the communist Vietnamese is to kill the Cambodian people and Cambodia's national soul.

2. Communist Vietnam and its puppets are destroying our Cambodian nation's soul through the destruction of the good and decent culture, literature, and customs of our nation and people. The communist Vietnamese aggressors are destroying Cambodia's culture, literature, and customs by replacing them with Vietnam's culture, literature, customs, and noisy and tricky practices. The communist Vietnamese are trampling on and destroying Cambodia's polite and decent customs.

The culture, arts, clothing, entertainment, and even Cambodia's literature have been largely hybridized through 15 years of aggression and occupation in Phnom Penh.

3. In the past, during the full-scale war of the communist Vietnamese from the end of 1978 to 1991, the communist Vietnamese had forced pupils, students, and all levels of officials in Vietnam's puppet regime to learn Vietnamese language, culture, literature, and customs. This is what the Vietnamese did in Kampuchea Kraom. They forced compatriots in Kampuchea Kraom to stop learning and using Cambodian culture, literature, and customs and they instead learned and used Vietnam's culture, literature, and customs. The communist Vietnamese forced compatriots in Kampuchea Kraom to change their Cambodian names and surnames into Vietnamese. This is a concrete case of Vietnam exterminating the Cambodian race.

4. The communist Vietnamese have rewritten and falsified Cambodia's history in accordance with Vietnam's policies and history. In Vietnam's history textbook, the

communist Vietnamese say that the Cambodian nation and people should respect and love the late Ho Chi Minh and that Ho Chi Minh is the father of communist Vietnam's Indochinese federation. The Vietnamese adopted dictatorial programs forcing people to pay respect to Ho Chi Minh's picture in schools, ministries, and even down to offices in provinces, districts, communes, and villages. Every morning and evening at the start and at the end of school and work, people were forced to pay respect and say: Uncle Ho is the father of Indochina; Vietnam and Cambodia are like teeth and lips. This was enforced through rigid and tight programs at all levels of the Communist Party of Vietnam and authorities. The Vietnamese ordered pupils, students, officials, and people in villages to insult our nationalist heroes every morning and evening. They ordered our people to respect the special Vietnam-Laos-Cambodia friendship and solidarity and to recite that Vietnam, Laos, and Cambodia are firmly united, and so on.

On the one hand, the communist Vietnamese are doing this to destroy the Cambodian nation's soul, and on the other, to fill the brains of Cambodian officials and people with Vietnamese thinking. In particular the communist Vietnamese have indoctrinated innocent children whose brains are like tape recorders recording whatever the Vietnamese say.

In Vietnam's history textbook nothing is said about Vietnam annexing Kampuchea Kraom and about the destruction and elimination of over 5 million Cambodian people there. Nothing is said about Vietnam destroying the culture, literature, and customs of Kampuchea Kraom. In this book, nothing is said about Vietnam killing hundreds of thousands, and even millions, of Cambodians through Vietnam's military war in Cambodia since the end of 1978. Nothing is said about 4 million Vietnamese who have been dispatched to Cambodia to annex Cambodia through a demographic war. Nothing is said about Vietnam annexing Cambodian territory—tens of thousands of square kilometers of land, sea, continental shelf, and islands—in eastern and southern Cambodia.

5. Since the end of 1978, the communist Vietnamese have organized their forces in Cambodia as troops specializing in excavating statues and antiques that are unique in the world and that are 1,000 years old or over. These statues and antiques have been dug up with detecting and sounding equipment and TNT explosives. Temples in the Angkor Toch and Angkor Thom areas, at the Bayon and Banteay Srei temples, and many other temples nationwide systematically have been ransacked. Temples have been dug up to take away antiques, inscriptions, carvings, and thousands of golden and bronze Buddha statues. Some statues are life-size and weigh hundreds of kilograms, and even tonnes. These were moved by automatic lifting equipment. Truckloads of antiques in the Angkor Wat and Angkor Thom temples and in various temples in Siem Reap Province have been taken to Vietnam and sold in international markets in Asia, Europe, Australia, and North America.

Such large-scale and open theft of antiques from temples is unprecedented in world history. The communist Vietnamese are destroying Cambodia's civilization; they are trying to eliminate the Cambodian nation's soul so Cambodians and their children do not know what Cambodia's national identity is. The Vietnamese are doing this to make their annexation of the Cambodian nation, people, and race easy, the way they did in Kampuchea Kraom. This is a colossal crime of the communist Vietnamese against the Cambodian nation and people.

In rich countries in Europe and North America, if a painting on a square meter of canvass disappeared, a lot of noise is made and Interpol alerted in order to recover the stolen item. In Cambodia, the communist Vietnamese and international bandits have stolen thousands of antiques that are priceless and over 1,000 years old. No one says a word about it.

6. The communist Vietnamese successively have dispatched prostitutes to Cambodia, particularly when UNTAC [UN Transitional Authority in Cambodia] was there from the end of 1991 to 1993. Tens of thousands of Vietnamese prostitutes are in Phnom Penh, provinces, and towns, and even in some monasteries which are revered places of our nation and people. The Vietnamese have poisoned Cambodia's clean and decent national customs and ethics. The majority of these Vietnamese prostitutes are spies or agents of the communist Vietnamese. They are one of the most lethal elements of the Vietnamese aggressors' forces in Cambodia. They have brought AIDS, venereal diseases, and all kinds of vices to Cambodia, particularly to Phnom Penh. The diseases filthily are transferred to Cambodian society in a most indecent atmosphere.

7. The communist Vietnamese in Cambodia have set up numerous gangs to rob our people in Phnom Penh and in various provinces. They have set up robbery gangs to operate day and night. Our people live in constant fear and in an atmosphere of terrorism in the fascist and dictatorial regime of the communist Vietnamese, their puppets, and the two-headed government. These gangs belong to communist Vietnam's sappers and the A-3 police in charge of fomenting and increasing insecurity. They are also spying and repressive forces, which threaten and intimidate politicians and people in Phnom Penh.

8. In the regime of the communist Vietnam's puppet and the two-headed government, and with the collusion of the Western alliance of villains, Cambodia is at present becoming a place for smuggling opium, hashish, and addictive and intoxicated substances in Southeast Asia. The communist Vietnamese, leaders of the communist Vietnam's puppets, and the two-headed government, with the collusion of the alliance, are criminals setting up these drug networks. This is also a method and a policy to destroy and eliminate the culture, customs, and national soul of the decent Cambodian people.

A renowned American historian (Lavi Collin) has written in a book that the United States and the CIA

selected their agents among those smuggling opium and drugs and chose their politicians among those who are corrupt, who take bribes, who are womanizers and alcoholics, and who are greedy, from the drug markets.

9. Cambodia at present is becoming a place where the communist Vietnamese and their puppets abduct tens of thousands of homeless children in Phnom Penh and the provinces and sell them like animals at home and abroad. Young women are smuggled out and sold as whores abroad; they are like animals and not human beings.

10. The communist Vietnamese have set up secret elements among their cadres and party members who force Cambodian women into marriage. Through this method, the Communist Party of Vietnam's committee has a systematic network from top to bottom, from Phnom Penh to the provinces, districts, communes, and villages, to lead the 4 million Vietnamese and also to lead the puppet communist party and all levels of the puppet state authority in every sector. It is the Communist Party of Vietnam that is in charge of the party, state authority, Army, police, and administration. It is this party that decides and gives orders.

The coup in the royal palace in June-July 1993 was ordered by these people. The establishment of the two-headed government was ordered by the same people. Putting pressure on the king also was done by these people. The order to continue the war also was given by the same people. Dispatching Vietnamese nationals to Cambodia also was ordered by these guys. The July 1994 coup also was ordered by the same people. The arrest of 14 Thai nationals with the accusation that they took part in the coup also was ordered by these people; and so on.

II. The solution of the PGNUNS to safeguard our culture, literature, and customs.

1. The PGNUNS has raised this issue for the information of our nation and people and successively has taken measures to combat this disaster.

2. Our people, in combination with Cambodian compatriots abroad, actively and vigorously have been fighting against this as direct victims in Phnom Penh and in rural areas in the regime of the communist Vietnamese, the two-headed government, and the Western alliance of villains who, with no qualm, are trampling upon our Cambodian nation's culture, literature, customs, and soul in accordance with their nature as savages and warmongers. This struggle is to safeguard our nation's culture, literature, customs, and soul, and our Angkor Toch and Angkor Thom temples.

3. The PGNUNS, along with the people in Phnom Penh and in rural areas, Cambodian compatriots abroad, and our entire nation will gradually solve this Vietnamese danger with a constant and lofty sense of responsibility by relying on our own forces and our own people to

safeguard our nation's culture, literature, customs, and soul now and for the future.

Now, as in the past, our compatriots are struggling against the war of the communist Vietnamese, the alliance of villains, and the two-headed government to demand national reconciliation and peace. Our compatriots oppose conscription to avoid the two-headed government from having troops. Our compatriots oppose the 4 million Vietnamese in Phnom Penh and in the provinces and demand that these Vietnamese leave Cambodia or that they be put in camps. Our compatriots demand an immigration law to thwart the Vietnamese danger and to solve the issue of Vietnamese nationals. Our compatriots are struggling to reject various agreements through which communist Vietnam annexes a lot of Cambodian territory in eastern Cambodia. Our compatriots fight over social issues and oppose treason, sale of the nation, corruption, and fascism of the two-headed government. Our compatriots demand the right to live and have secure jobs and oppose the terrorist atmosphere created by the fascist regime of the communist Vietnamese, 4 million Vietnamese nationals, and the two-headed government.

In the future, the PGNUNS will absolutely stay with all social strata of our nation and people to struggle persistently with lofty heroism to prevent communist Vietnam from annexing Cambodia. Our Cambodian nation and people have clear experience for more than 15 years. When they invaded Cambodia, the communist Vietnamese were very arrogant; they boldly announced that the situation in Cambodia was irreversible and that the Cambodian problem was finished on 7 January 1979. In fact, the struggle of the Cambodian nation and people bogged the Vietnamese down; a big iron pin is now stuck across their throat.

As a matter of fact, in the immediate future, the communist Vietnamese cannot do anything at will. The PGNUNS and our people are uniting to quickly end the Vietnamese aggressors' war and are struggling for a genuine national government with national forces of all political tendencies taking part in it. All of us are convinced that the struggle of our nation and people will safeguard absolutely our nation, people, and race and certainly will safeguard our nation's culture, literature, customs, civilization, and soul. Our struggle certainly will be victorious. The Cambodian nation and race certainly will last forever.

[Dated] 20 August 1994

[Signed] The Ministry for the Protection of National Culture, Literature, and Customs of the PGNUNS
Chan Youran, deputy prime minister, minister of foreign affairs, and minister for the protection of national culture, literature, and customs of the PGNUNS

CPP Rejects Reports of Leadership Changes

*BK2208121394 Phnom Penh AKP in English
1014 GMT 22 Aug 94*

[Text] Phnom Penh AKP August 22—The Cambodian People's Party (CPP) has rejected media's reports on changes to the portfolios of the leaders of the party.

In a press release dated on August 19, the Cambodia People's Party office said a number of media and people had recently published exaggerated reports saying there were changes to the CPP's leaders, especially the portfolios of its top leaders.

The office said the reports were an exaggeration and groundless, and could cause misunderstanding over the party's internal affairs.

"The CPP considers the reports incitement by the Khmer Rouge and other politicians who are opposed to the Cambodia People's Party", it added.

However, the CPP expressed its hope that all mass media would correctly follow the journalism ethics, thus contributing to securing political stability and national restoration and development.

Official Cited on Rail Traffic Situation

*BK2208110994 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 20 Aug 94 pp 1, 9*

[Summary] An official of the Cambodian Railway Company says the Phnom Penh-Sihanoukville railway line will be reopen early next week.

Kep Phan, deputy chief of the rail, bridge, and building department, says the plan is to restore the entire line from Phnom Penh to Sihanoukville. However, trains will only be able to travel from Phnom Penh to Takeo station early next week. The Kompong Trach and Damnak Chang-aeu stretch in Kampot Province cannot be repaired yet by specialists because of insecurity there.

As for the Phnom Penh-Battambang line, Kep Phan says traffic is possible only between Phnom Penh and Pursat station. The stretch between Pursat and Battambang stations is still out of order because the railtracks have been destroyed by the Khmer Rouge and cannot be repaired by specialists due to insecurity.

The Battambang-Sisophon stretch is still open despite sporadic Khmer Rouge attacks which have damaged some bridges and tracks. The official adds that rail traffic cannot resume because the Khmer Rouge have been destroying the railtracks. He implied that the Khmer Royal Armed Forces stationed in the area have really not done their best to protect the railway line.

Laos

President Ends Official Visit to SRV

*BK2208155394 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 20 Aug 94*

[Text] Comrade President Nouhak Phoumsavan and his wife ended their gloriously successful official friendship visit to the SRV and safely returned to Vientiane from Ho Chi Minh City via special airplane at noon yesterday.

The visit, which began on 15 August, was in response to an invitation from Comrade Le Duc Anh, president of the SRV.

During the five-day visit, Comrade President, his wife, and delegation laid a wreath at President Ho Chi Minh Memorial and the monument of heroic combatants. Comrade President and delegation held official meetings and talks with Comrade President Le Duc Anh and an official delegation from the Vietnamese side; paid a courtesy call on Comrade Do Muoi, general secretary of the Communist Party of Vietnam [CPV]; called on comrade advisers to the CPV Central Committee—Comrade Pham Van Dong, Comrade Vo Chi Cong, and Comrade Nguyen Van Linh; received a courtesy call from Comrade Vo Van Kiet, prime minister of the SRV; met with a number of senior cadres who have scored meritorious deeds in contributing to the Lao revolutionary cause; received representatives of the Vietnam-Laos Friendship Association; addressed Lao cadres working in Vietnam; and visited a number of economic and cultural establishments as well as historic places in Hanoi capital, Hoa Binh, and Thua Thien Hue Provinces, and Ho Chi Minh City. Comrade President, his wife, and delegation were accorded a warm, friendly welcome in an honorable manner from party and state leaders and fraternal Vietnamese people everywhere they visited. The meetings and talks also proceeded in an atmosphere of profound, traditional friendship of fraternity.

Comrade President Nouhak Phoumsavan and the comrade party and state leaders expressed deep satisfaction over the increasing development in the depth of friendly relations and all-around cooperation between the two countries. In their talks with the participation of official delegations from both sides, Comrade President Nouhak Phoumsavan and Comrade President Le Duc Anh exchanged views aimed at further improving, promoting, and expanding the relations of friendship, special solidarity, and all-around cooperation between the two countries. They also discussed international and regional issues of common interest. Through the talks, the two leaders reiterated the determination of the parties, states, and peoples of the two countries to continue striving to maintain and enhance the Lao-Vietnamese relations of friendship and special solidarity for the fundamental, long-term benefits of the two peoples and in the interest of peace, stability, cooperation, and development in Southeast Asia.

The two presidents expressed satisfaction over the achievements won by the two sides in positively translating into reality various agreements reached by the two sides following the meeting between top-level leaders of the two countries and the official friendship visit to Vietnam by Comrade Khamtai Siphandon, chairman of the Lao People's Revolutionary Party Central Committee, in April 1993; and the official friendship visit to Laos by Comrade Le Duc Anh, president of the SRV, in November 1993, visits which have brought about the

increasing and ever firmer consolidation and expansion of relations between the two parties and two nations. The two leaders also exchanged views on ways and means to strengthen the traditional relations of friendship, special solidarity, and all-around cooperation on the basis of the principles of respecting each other's independence, sovereignty, equality, mutual benefit, and mutual assistance with concrete efficiency for the spirit of comradeship and fraternity. The comrades presidents of the two countries also discussed other issues of common interest.

Upon their arrival in Vientiane, Comrade President Nouhak Phoumsavan and his wife were warmly welcomed in an honorable manner by Comrade Saman Vi-gnaket, chairman of the National Assembly; Comrade Khamphoui Keoboulapha, deputy prime minister; and Comrade Oudom Khatthi-gna, person in charge of guiding the work of mass organizations; along with comrade vice chairmen of the National Assembly; ministers; chairmen of national committees; deputy prime ministers; members of the National Assembly; high-ranking cadres from various services; and a number of representatives from the Vietnamese Embassy. The welcome ceremony for Comrade Nouhak Phoumsavan, his wife, and delegation was officially held in an honorable manner at the National Assembly Hall in Vientiane capital.

Information Minister Receives VNA Director

BK2208133194 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 20 Aug 94

[Text] Yesterday morning, Osakan Thammatheva, minister of information and culture, received a courtesy call from Do Phuong, director of the Vietnamese News Agency [VNA]. The VNA delegation led by Do Phong is currently on an official visit to the Lao People's Democratic Republic [LPDR] at the invitation of the editorial staff of the Khaosan Pathet Lao [KPL] News Agency. Talks between the guest and the host proceeded in a warm atmosphere of close friendship.

The VNA director informed the information and culture minister of the outcome of the VNA delegation's visit. He also noted the outcome of the delegation's meeting with the KPL delegation. He stressed this visit will significantly contribute to further promoting and strengthening the long-standing, traditional relations of friendship, special solidarity, and all-round cooperation between the two countries as well as the two people in general and between the Vietnamese and the Lao news agencies in particular.

Information and Culture Minister Osakan Thammatheva welcomed the VNA delegation's visit to Laos. He noted that the government and the fraternal people of Vietnam have always rendered precious assistance to the Lao revolutionary cause, during the national salvation struggle and the current struggle to defend and build the country. The VNA has worthily contributed to the information sector of Laos. In conclusion, Osakan

Thammatheva wished Do Phuong and his delegation success in their visit to Laos.

Border Meeting Held With Thailand's Loei Province

BK2308103294 Vientiane KPL in English 0924 GMT 23 Aug 94

[Text] Vientiane, August 23 (KPL)—The second meeting on cooperation in border security keeping was held between the authorities of Vientiane Province of Laos and Loei Province of Thailand in the Lao province on August 19.

The meeting reviewed the past operations by authorities on both sides to keep security along the border between the two provinces as specified in the minutes of their first meeting. Both sides agreed to increase efforts at solving remaining issues, such as illegal immigration, goods import without tax, and at the suppression and prevention of bad elements, who still conduct an act of sabotage undermining peace and order along the common border.

The effort was to ensure that the boundary between the two localities be of peace, friendship and cooperation to meet the need of the two local peoples for more convenience in their mutual contact.

Agreement on Copyrights Signed With Thailand

BK1608125394 Vientiane KPL in English 0917 GMT 16 Aug 94

[Text] Vientiane, August 16 (KPL)—A memorandum on cooperation between Laos and Thailand in the field of copyrights was signed at the Lan Xang hotel on August 14.

The Lao Government was represented by Professor Souli Nanthavong, head of the Science, Technology, and Environment Authority, and the Thai by Deputy Trade Minister Churin Laksanawisit in the signing.

The memorandum provides general guidelines for the Lao-Thai cooperation in the field of copyrights, particularly the exchange of information, training of human resources, and sharing of experience. Both sides will further discuss details of their cooperation in each particular area.

The signing of the agreement is believed to boost socioeconomic development activities in the country, particularly investment in the development area. This will also help step up bilateral trade.

Foreign Minister's Activities in New Delhi Viewed

BK2008113394 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 20 Aug 94

[Text] According to news reports from New Delhi, on 18 August His Excellency [H.E.] Somsavat Lengsavat, foreign affairs minister of the Lao People's Democratic

Republic [LPDR], and his delegation called on H.E. Dr. Shankar Dayal Sharma, president of the Republic of India. H.E. Foreign Affairs Minister Somsavat Lengsavat and his delegation is currently on an official friendship visit to the Republic of India. Talks between the guest and the host proceeded in an atmosphere of friendship and mutual understanding. H.E. the Lao Foreign Affairs Minister informed the Indian president of the success achieved in many areas of its socioeconomic development plan in LPDR's restructuring. He also informed the president of the results of his delegation's visit to India, which he said has contributed significantly to the strengthening and further expansion of friendly relations.

H.E. President Shankar Dayal Sharma welcomed and highly assessed H.E. Somsavat Lengsavat's visit to India. He expressed the hope that following the visit, their traditional relations of friendship and cooperation will be increasingly and fruitfully developed.

H.E. Lao Foreign Affairs Minister Somsavat Lengsavat and his delegation arrived in New Delhi on 16 August 1994 for an official friendship visit to the Republic of India at an invitation of H.E. Dinesh Singh, minister of external affairs of India.

Later, on 17 August, H.E. Somsavat Lengsavat paid a courtesy call on H.E. Narasimha Rao, who also hosted a banquet in his honor. On the same day, the Lao delegation laid a wreath at the Mahatma Gandhi Memorial. H.E. Foreign Affairs Minister Somsavat Lengsavat also held talks and signed a memorandum on economic and technical cooperation with the Indian external affairs minister.

Economic, Trade Protocol Signed With Russia

BK2308051494 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 21 Aug 94

[Text] A Lao-Russian protocol on economic and trade cooperation for 1994 was signed between representatives of the two governments in Vientiane on 19 August. Signing the document for the Lao side was Foreign Cooperation Department chief Thongphachan Sonnasin; signing for the Russian side was (Akhimov), acting Russian trade representative to Laos.

The protocol is mainly intended to expand economic and trade cooperation between the two countries on the basis of equality and mutual benefit. It is also aimed at promoting direct contact and cooperation between the business units of the two countries. The goods that the Lao side wants to buy from Russia include construction materials, electric appliances, aircraft spare parts, printing machines, and so forth. Laos has already purchased \$6.7 million worth of these products from Russia in 1994. Laos plans to purchase a total of \$17 million in goods from Russia this year. The Russian side is interested in many types of Lao goods, including tin, coffee,

tropical wood products, clothing, ornaments, agricultural products, and medicine.

This protocol will serve as a basis for economic and trade cooperation between Laos and Russia in the future.

Trade Seminar Held With Israel

BK2008112794 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 19 Aug 94

[Text] On 18 August, the Lao National Trade and Industrial Council and the Israeli Chamber of Commerce for the Asian Region jointly held a seminar to exchange experiences on trade and technology between the two organizations. (A. Blas), chairman of the Israeli Chamber of Commerce for the Asian Region, said that by holding the seminar, he intended to seek means and opportunity to create understanding and exchange experiences with the Lao Trade Council on the use of a number of new technologies. The official of the Israeli Chamber of Commerce reiterated his readiness to cooperate with Laos in this issue.

Sisouk Sisombat, chairman of the Lao National Trade and Industrial Council, also discussed trade relations and activities with various countries in the world, such as the PRC, the SRV, France, the United States, Thailand, Australia, Canada, Sweden, and other countries in Asia and Europe.

Prime Minister Appoints Governor of New District

BK2308131494 Vientiane KPL in English 0936 GMT 23 Aug 94

[Text] Vientiane, August, 23 (KPL)—Prime Minister Khamtai Siphandon has appointed the governor of Saibouathong District in Khammouane Province.

The appointment of Mr. Saikham Phouangvilai as governor of the district was signed on June 28, 1994 at a recommendation by the governor of Khammouane and by the public service department.

Thailand

Reportage on Moei River Situation With Burma

Burmese Issue Warning on Islet

BK2008112594 Bangkok BANGKOK POST in English 20 Aug 94 p 7

[Text] Mae Sot—The Burmese military in Myawaddy has warned Thai officials and civilians not to encroach on an islet in the middle of the Moei River, as such a move might cause a misunderstanding and even fighting.

The 340-rai islet used to be part of Ban Konken in Tambon Mahawan but became detached when the Moei River's strong current created a new river channel.

The Burmese warning was contained in a letter given to Maj-Gen Bunlu Chittawibun, chairman of the Local Thai-Burmese Border Committee by his Burmese counterpart, Lt Col Than Soe, on Wednesday.

The letter said the islet which was created after the Moei River changed its direction towards the Burmese camp of Palu is regarded as joint Thai-Burmese territory.

It also said that Burmese officials and civilians had not ventured on to the islet and they expected the Thais to do likewise.

Earlier, Thana Duangrat, deputy director-general of the Treaty and Legal Affairs Department, who visited the border area on August 10, ruled that the islet belongs to Thailand because the old river channel was still visible.

A Thai border official said the issue would be brought to the attention of the local Thai-Burmese Border Committee which would meet on August 24.

He said he believed the problem could be settled amicably.

Officials Told To Solve Dispute

BK2208110394 Bangkok BANGKOK POST in English 22 Aug 94 p 3

[Text] Mae Sot, Tak—Deputy Prime Minister and Interior Minister Chawalit Yongchaiyut yesterday asked local officials to cooperate with Burma to solve border problems which may arise as a result of the Moei River changing course.

Gen Chawalit made the comment yesterday during an inspection trip to this northern border district to see damage caused by flooding along the Moei River.

He was accompanied by Interior permanent secretary Ari Wong-araya, Local Administration Department director-general Chuwong Chayabut and other officials.

Gen Chawalit said border problems, including territorial disputes, which result from a change in the course of the Moei River, can be solved if local officials of both countries negotiate, because the two countries have long been good neighbours.

Moreover, the "friendship bridge" across the Moei River which will be built soon will bring the two countries even closer together.

By that time, Mae Sot will serve as a gateway to Burma, the minister said.

"This would then be a chance for both countries to develop border areas, create jobs and income to lift the standard of living for locals," he said.

Flooding in Mae Sot, Mae Ramat, Tha Song Yang and Phop Phra districts of Tak in July not only killed people and damaged and destroyed their property, but also changed the course of the Moei River.

The change in the course of the river resulted in land on both sides of the river banks being slashed.

In Mae Sot 111 families lost a total of 887 rai of farm land due to soil erosion.

Governor Kasem Nakrat reported that flooding in the four districts had killed two children and damaged 67,000 rai of farmland, 177 roads, 33 bridges and 56 dykes.

The province has asked for 21 million baht to repair damaged public utilities.

Mae Sot District has been allocated with 15 million baht to build an embankment.

Officers Reassure Mon Refugees on Return to Burma

BK2308082394 Bangkok THE NATION in English 23 Aug 94 p A4

[Text] Army officers from both Thailand and Burma held a joint press conference at Three Pagodas Pass yesterday to assure Mon refugees taking shelter at a nearby border checkpoint that it was safe to return to Burma, Mon relief authorities said.

A member of the Mon National Relief Committee (MNRC) reported that Lt Gen Sanan Khachonklam, the officer in charge of border affairs for the Supreme Command's Joint Operation Centre, and Col Tin Kyaw, head of Burma's 61st Light Infantry Battalion stationed at Three Pagodas Pass, promised that there would be no repeat of last month's raid on Halockhani by Burmese soldiers, which caused 6,000 Mon refugees to flee to Thailand.

The MNRC member said the refugees still refused to go back, but he could not predict what would happen when their rice ran out.

The MNRC were not invited to the press conference.

But they were told that the Thai Government was ready to talk with the UN High Commissioner for Refugees about a repatriation programme similar to the one used for Cambodian refugees.

"Thai authorities are attempting to implement the same refugee policy with Burma that they are using with Laos and Cambodia, that is to negotiate with neighbouring governments to send refugees back," explained the MNRC source.

"The Thai Government will not talk to us or recognize us even though we have been providing assistance to the refugees for many years," the source said.

Cambodia's Exiled Prince 'Still in Bangkok'

BK2308131294 Bangkok THE NATION in English 23 Aug 94 p A2

[Text] Cambodia's Prince Norodom Chakkrapong, who reportedly led a coup attempt in his country, is still in

Bangkok despite an earlier report that he had only made a transit stop here on his way to France, officials and diplomatic sources said.

Prince Chakkrapong was seen at a hotel on Silom Road last week although he was said to have left the country on August 7 for Paris where he is expected to stay in exile.

The sources, who asked not to be identified, said the prince would leave Bangkok for Beijing soon to visit his father, King Norodom Sihanouk, who is receiving medical treatment for cancer.

The Cambodian Government early last month sent Prince Chakkrapong into exile in Malaysia after accusing him of leading an abortive coup attempt on July 2. Kuala Lumpur later pressed him to leave the country early this month to pave the way for a five-day visit by Cambodia's First Prime Minister Prince Norodom Ranariddh, which ended on Monday.

Prince Chakkrapong, an estranged half brother of Prince Ranariddh, entered Thailand on August 4. Thai Foreign Minister Prasong Sunsiri had told reporters that Prince Chakkrapong would leave for Paris on August 7.

The Cambodian Government has yet to charge him but sent him into exile in Malaysia on the request of the King and Queen in Beijing.

The Thai officials yesterday dismissed earlier reports that he is holding a French passport, saying that he has stayed in Bangkok with a Cambodian passport on a visa granted to him before the coup took place.

A senior Foreign Ministry official said the ministry has no knowledge of the prince's overstay here until it was confirmed by a security unit recently.

The Thai side is working hard to convince him to leave the country for elsewhere, said to be Beijing, to visit his father, the official said.

"Prince Chakkrapong can stay in Bangkok as he is still considered a Cambodian citizen who entered here with a valid passport and a valid visa. The Cambodian Government had not accused him of any charge when it sent him into exile," he said.

The prince has denied any involvement in the coup attempt. The Cambodian Government has arrested 14 Thais in connection with the coup. It later released five of them and charged the rest with threatening national security. It remains silent on the investigation of certain generals arrested, including Gen Sin Song.

The same official said however, considering the relationship between Thailand and Cambodia, the Thai side will convince the prince to leave soon. According to the official, the Cambodian Government has learnt about the presence of the prince in Bangkok but has yet made any official complaint to the Thai side.

As of yesterday, it was still unclear how long the visa allowing him to stay here was, but normally a foreigner is allowed to be here for three months on a tourist visa.

The prince who loves a luxurious life was seen last Wednesday at a hotel on Silom Road at dinner time. A very senior security official was also spotted entering the restaurant when he saw the prince inside. A witness said the official then turned away and walked rapidly to another room where he dined.

Wide Support Seen for Regional Technology Needs

BK2108120194 Bangkok THE SUNDAY NATION in English 21 Aug 94 p A2

[Text] The attempt to foster cooperation among countries within the framework of the so-called "regional economic hexagon" has been fully supported by its members in the first International Congress on Science and Technology for Indochina, presently taking place at the United Nations' Conference Centre in Bangkok.

The six members—Burma, Cambodia, Laos PDR, Vietnam, the southern Chinese province of Yunnan, and Thailand—vary in terms of economic development and share differing perspectives future plans.

Pu Darani, Cambodia's under-secretary of state for education, youth and sport, said his country was concerned over the transfer of scientific and technological aid. Pu Darani said Cambodia needed training and development in its teaching programmes, plus educational equipment to assist the war-torn country improve its educational system, with increasing importance on science and technology.

Scientific laboratories were also urgently in demand, Darani said.

"I think our Indochinese neighbours, such as Thailand, could assist with developing our teaching curriculum and help train teachers for secondary and higher education," he said.

Yang Ming, vice chairman of the standing committee of Yunnan People's Congress, said Yunnan would concentrate its efforts on the improvement of regional communications. This would foster an expansion of cooperation within the Asian Development Bank—proposed under the Greater Mekong Subregion framework.

Ming said the province will focus on building a highway from Yunnan to neighbouring countries in order to link the region. "Already we have an air-link between the capital of Yunnan, Kunming, to Chiang Mai and Bangkok," he said.

Than Nyunt, Burma's deputy minister of education, said an "intellectual unity" within the Indochina region is important to foster more cooperation between members.

Previously there had only been limited contact between the countries, even though they were geographic neighbours, he said.

"Many people do not know that there is a food surplus in this area. Thailand, Vietnam and we hope Myanmar (Burma) are surplus countries, whereas the rest of the world lacks food for its population," Nyunt said.

"The lack of technology funding is a problem for everybody in the world, even Thailand: In this modern world, nobody is self-sufficient. We are ready to say we are not and people should stop pointing the finger at us, we know," Nyunt said.

As for Vietnam, Prof Dang Huu, Vietnamese Minister of Science, Technology and Environment, said the country needed to find a short cut in scientific and technology transfer, as his country is in the initial stage of industrialization.

Australian Trade Minister Comments on Visit

Views Trade in Asia-Pacific

BK2108110894 Melbourne Radio Australia in English 0900 GMT 21 Aug 94

[Text] The Australian minister for trade, Bob McMullan, says he believes Australia and Thailand agree on the future course of future trade linkages in the Asia Pacific region. Speaking at the end of a four-day visit to Thailand, Senator McMullan referred to such links as those through the Asia-Pacific Economic Cooperation forum, APEC, and between the proposed ASEAN Free-Trade Area, AFTA, with Australia and New Zealand. He said Australia and Thailand had very similar views on both initiatives. Senator McMullan said AFTA, which had been initiated by Thailand, was particularly encouraging and would continue to receive strong support from Australia from the start. He said Australia was ready to build on the links as quickly as designed by the six countries of ASEAN, the Association of Southeast Asian Nations. Senator McMullan also said he believed his visit would lead to a further growth in trade between Australia and Thailand currently worth almost \$1.5 billion [Australian] a year.

Views AFTA, CER Link

BK2208100894 Bangkok BANGKOK POST in English 22 Aug 94 p 18

[Text] Australia wants to see a merger between the ASEAN free trade area, under the AFTA scheme, with the Closer Economic Relations (CER) agreement involving Australia and New Zealand, says Australian Trade Minister Bob McMullan.

Thailand's Southern ASEAN neighbours are closer to Australia. And two-way trade between Australia and Thailand, with Thailand projected to be the largest

economy in ASEAN by the end of the century, hasn't approached its potential, said Mr McMullan.

The recently concluded Australian trade mission to Thailand focused on telecommunications, specifically opening it up to a "competitive model of development," said Mr McMullan.

Thailand's telecommunications industry, with the Government having control on transmission lines, is essentially a state monopoly, he said.

An independent regulatory agency to oversee the use of transmission lines could establish a fair price for line usage, spurring competition and ensuring that competition develops, he said.

Mr McMullan concluded a three-day visit to Thailand on Friday, leading some 50 senior executives from Australia to the seventh Australian-Thai Business Council.

The minister said he is willing to talk about any sorts of links between AFTA and the Closer Economic Relations scheme, "from outright merging to anything in between." He stressed that Australia is open to the idea, but not pushing for it.

Dr Phisit Phakkasem, chairman of the National Economic and Social Development Board, has said that Australian businessmen don't have to wait for AFTA's implementation and can take advantage of sub-regional growth areas instead. This is being done, Mr McMullan said, but with other ASEAN countries, resulting in few benefits for Thailand.

He cited Australia's Northern Territory, with a port at Darwin and a large cattle industry, is close to the East ASEAN growth area and four ASEAN members are benefiting.

According to several Thai and Australian delegates at the three-day seminar, several proposed joint ventures are now being discussed.

"The door may be open but you can't be sure who will go through," said Mr McMullan.

"Now is the opportunity for follow-up work between Thais and Australians and the work is now turned over to them."

Australia Wants To Join Dairy Farming Promotion

BK2208083894 Bangkok Radio Thailand Network in English 0000 GMT 22 Aug 94

[Text] Australia wants to join the Dairy Farming Promotion Organization of Thailand in developing milk production and dairy cow raising.

Deputy Agriculture and Cooperatives Minister Suthep Thuaksuban said the issue was raised when an Australian business mission led by Australia's Minister for Trade Bob McMullan met him recently.

Mr Suthep said Australia wants to use Thailand as its milk production base to expand the industry into Indochinese countries. He said Australia was also interested in joining the royal project in food production development.

At present, Australia imports Thai agricultural produces to be processed in Australia. The Australian business mission expressed supports for Thailand to be developed as the trade center in the region and called for a cooperation agreement among Thailand, Australia, and New Zealand.

U.S. Claim in Expanding Insurance Firm Viewed

BK2008113194 Bangkok THAI RAT in Thai 20 Aug 94 p 3

[Editorial: "Amity Treaty Claims"]

[Text] Thailand and the United States signed the Treaty of Amity and Economic Relations 28 years ago. The treaty, which is still valid today, gives U.S. citizens the privilege to conduct business in Thailand and many other favors. These privileges are even greater than those given to most-favored-nations or other nations. U.S. citizens enjoys the same privileges in Thailand as Thai citizens.

The 1966 Amity Treaty has been cited by the U.S. Government and private U.S. citizens in claiming privileges to penetrate the Thai market. The GATT accord, which took seven years of negotiations to forge global free trade does not even give these kind of privileges. In the latest development, a giant U.S. insurance firm, the American Insurance Group, wants Phaisan Insurance, 99.84 percent of whose shares are owned by the group, to open an unlimited number of branches in Thailand.

The U.S. claims that although Phaisan Insurance is not a Thai company in accordance with Thai law, it is a Thai company by virtue of the Amity Treaty and thus can open branches. We are elated that Finance Minister Tharin Nimmanhemmin has rejected the claim by pointing out that the insurance business is a finance-related business and thus fall into one of the seven points in the treaty where the United States cannot claim privileges.

The Juridical Council has been instructed to interpret the issue. We regard this matter as a historic turning point because if the cabinet had ruled in favor of Phaisan Insurance being able to open branches, Thai insurance firms would have been dealt a fatal blow. U.S. insurance firms would flock to Thailand and open branches, and Thai insurance firms would not stand a chance because their capital is small compared to their U.S. rivals.

We wish to point out that the Thai-U.S. Amity Treaty may not even be valid because the Thai parliament has not ratified it. Moreover, any economics textbook regards the insurance business as a financial operation.

Phaisan Insurance is a U.S. firm and whether it can open branches is subjected to the Thai Insurance Act.

As a GATT member, it is clear that Thailand has to allow free trade and free its services sector. But Thailand has to protect its domestic business establishments as well. The U.S. has done the same thing—congress has also not ratified GATT.

Canada Extends Preferential Tariffs for 10 Years

BK2108112594 Bangkok Radio Thailand Network in English 0000 GMT 21 Aug 94

[Text] The Canadian Government is extending the Generalized Preferential Tariff, or GPT, for Thai exports for another 10 years. The Department of Foreign Trade said Canada's GPT already extended for the second time expired on 30 June this year.

Canada now renewed GPT for Thailand until 30 June [sentence as heard]. The Canadian Government has launched the GPT project to support exports from developing countries since 1964.

The Department of Foreign Trade said it had been informed that Canada had also planned to improve and adjust regulations in the contents of GPT to suit the changing situation in the world.

Thailand and other countries concerned have been invited to give their views of the project so that adjustment can be made by the middle of next year.

Reports on Foreign Minister's Visit to Zimbabwe

Ministry Reports Results

BK2208110094 Bangkok Radio Thailand Network in Thai 0530 GMT 22 Aug 94

[Text] The Ministry of Foreign Affairs reports on the results of Foreign Minister Squadron Leader Prasong Sunsiri's official visit to the Republic of Zimbabwe from 15-17 August.

Thailand and Zimbabwe have had diplomatic relations for a long time. The Thai foreign minister paid a courtesy call on Simon Vengai Muzenda, vice president and acting president of Zimbabwe, and held talks with its minister of foreign affairs and deputy minister of industry and commerce.

During the meetings, the officials of both countries confirmed their desire to further strengthen ties, especially in trade and investment.

Thailand also agreed to provide Zimbabwe with technological assistance in agriculture, public health, and rural development.

On the same occasion, the private sector of the two countries held a discussion and concurred that they should promote and increase bilateral trade. On this, Zimbabwean Government and private sector expressed

their interest in importing Thai rice, agricultural produce, car parts, electric appliances, medicine, and plastic products.

The Foreign Ministry delegation's visit to Zimbabwe was successful because the governments of both two countries, as well as their private sector, showed keen interest in improving ties. This is an essential factor that will contribute to the enhancement of future ties.

Foreign Minister Comments on Trip

BK2308121994 Bangkok Radio Thailand Network in Thai 0530 GMT 23 Aug 94

[Text] The minister of foreign affairs and his delegation had fine success with their visit to Zimbabwe and Senegal from 14 to 21 August. In the area of economic and trade cooperation, the two countries expressed keen interest in expanding markets for agricultural goods and produce such as rice, rubber, sugar, textile products, and garments.

Foreign Minister Squadron Leader Prasong Sunsiri told newsmen this morning about the results of the visits.

[Begin recording] They showed keen interest in several kinds of goods from our country, especially agricultural produce such as rice, rubber products, sugar, textile, and garments. Being developing countries, their demand for consumer goods from our country is substantial. While in Senegal, our private sector held talks with their counterpart. As a result, Senegal has decided to buy 41,000 metric tons more of Thai rice in the immediate future. Apart, they also expressed interest in importing our textiles and clothing. [end recording]

BRN Separatists Down Army Helicopter in Yala

BK2308080894 Bangkok THE NATION in English 23 Aug 94 p A2

[Text] An army helicopter was shot down during fighting between security forces and members of Barisan Revolusi Nasional (BRN), or National Revolutionary Front, in Yala province on Sunday [21 August], police said.

A patrol of police, soldiers and civilians clashed with the separatists in Tambon Bala, Kabang subdistrict.

The seven separatists were members of the BRN's Po Yala group, police said.

After a 10-minute fight, the separatists retreated into the jungle. An armed helicopter sent in pursuit was brought down by rifle fire. The two crew and two passengers were injured in the crash.

*** Details of G222 Transport Plane Purchase Cited**

*** Air Force Commander Comments**

94SE0208A Bangkok DAILY NEWS in Thai 20 Jul 94 pp 1, 19

[Excerpt] [Passage omitted] On 19 July, Air Chief Marshal [ACM] Siriphong Thongyai, the air force commander-in-chief [RTAF CINC], met with Mr. Chuan

Likphai, the prime minister, at the Government House for one hour in order to discuss the purchase of G222 aircraft. After that, the RTAF CINC disclosed the details of their discussion, saying that he had met with the prime minister because he had learned that the Italian committee that is considering the sale of G222 transport aircraft has received Thailand's proposal and has agreed to reduce the price by \$8 million. The original price was \$28 million.

ACM Siriphong said that the money saved as a result of their decision to reduce the price will be used to purchase aircraft parts. He said that this reduction in the purchase price has nothing to do with agents' fees as has been reported. A reporter asked if the air force plans to establish a committee to investigate the mistakes made in purchasing these aircraft. The RTAF CINC said that the first thing is to determine if any mistakes were made. If mistakes were in fact made, they probably stemmed from carelessness rather than some other reason.

"I can assure you that in purchasing these transport aircraft, former RTAF CINCs such as ACM Kaset Rotchananin and ACM Kan Phimanthip had nothing to do with this. Because once the decision was made to purchase these aircraft, the air force submitted the matter to the cabinet. As for the matter of commissions, which is something that many people have commented on, in my view, those who carry out a task should be compensated. Agents are paid a percentage of the selling price of the item," said ACM Siriphong. He said that the negotiations with the Italian company are 90 percent complete. Things should be completed by the end of this month. The reason why they agreed is that we have evidence concerning the commission issue.

Just prior to that on that same day, Mr. Chuan Likphai, the prime minister, told reporters that he planned to talk with the RTAF CINC after discussing the matter with General Wichit Sukmak, the minister of defense, who assured him that there was nothing unusual about the purchase of these aircraft. The only thing was that the price of the parts was much higher than it should have been. The defense minister told him that the price of the parts was 100 times higher than it should have been. We are now negotiating a more reasonable price. The air force has acted properly.

Mr. Chuan said that the RTAF CINC had asked this aircraft company to submit prices for the parts so that we could consider this. But for some reason, the company stalled. Finally, it sent the prices, and it was only then that we learned that they were excessively high. He said that the negotiations between the air force and the company shouldn't take more than one to two days. The bargaining has enabled us to save about 100 million baht. [passage omitted]

*** Commerce Department Involvement, Price Negotiations**

94SE0208B Bangkok MATICHON in Thai 14 Jul 94
pp 1, 13

[Excerpt] [Passage omitted] A report stated that on 27 June, units directly subordinate to the air force held a

meeting, which was chaired by the RTAF CINC. At the meeting, Air Marshal [AM] Amon Naeomali, the chairman of the Air Force Purchasing Committee, talked about the matter of parts for the G222 aircraft. He said that paying a high price for the parts would be a waste of money. The price of the parts is about the same as that of the C-130 aircraft. Thus, the air force has asked the government for permission to have Italy reconsider the price. If the price is satisfactory, we will make the purchase. The air force can't be pressured into purchasing these, because that would tie our hands. This must be clarified so that people understand and sympathize with the air force. Other air forces are already using such aircraft. We are now waiting to see if Italy will agree on the price.

The report also stated that AM Amon showed slides of the G222 aircraft and various parts in order to show which parts cost how much. He explained how much they normally cost and said that they cost about the same as the C-130 aircraft. The reason why ACM Siriphong has not yet signed the purchase contract is that the price is higher than normal. If we had gone ahead and purchased these, the Office of the Commission to Counter Corruption (OCCC) might have investigated this. Thus, the air force has postponed signing the contract. Of the more than 1,000 different parts for the G222 aircraft, the air force feels that the price of about 200 parts is excessively high.

Mr. Uthai Phimchaichon, the minister of commerce, said that what is surprising is that if the air force isn't going to buy these, why did it have the Ministry of Commerce negotiate with Italy? That was a waste of time and a waste of money for lodging and transportation. "That is something that should not have happened. Before something is turned over to the Ministry of Commerce, things should be worked out carefully. They should have determined whether these items are suitable before having us conduct negotiations. And once an agreement has been reached, things should be done based on the agreement. It's unfortunate that things were not done in the proper order. This is the first time that the government has succeeded in purchasing weapons by bartering goods. The fact that such problems have arisen has generated bad feelings. The Ministry of Defense must review this matter. If it decides to purchase something, fine; if it doesn't want something, it should say so. The Ministry of Commerce feels bad about this. This is a lesson for other government units. Before action is taken, there must be an agreement from from very beginning."

Mr. Uthai said that the commerce ministry does not have any problems. Everything is up to the air force. If the agreement is signed, the commerce ministry will take action immediately. But if the air force does not purchase these aircraft, that will end the matter, because Italy does not have to purchase goods from Thailand. When asked if this will affect trade between Thailand and Italy, Mr. Uthai said that "I don't want to discuss that. That's just common sense."

*** Defense Minister Comments**

94SE0208C Bangkok BAN MUANG in Thai 19 Jul 94
pp 1, 16

[Excerpts] [Passage omitted] At the Ministry of Defense at 1215 hours on 18 July 1994, after meeting with the Spanish minister of defense, General Wichit Sukmak, Minister of Defense, spoke with reporters about the air force's purchase of G222 transport aircraft, which is now encountering problems. He said that he is waiting for the air force to make a final decision on this. The air force is now negotiating the price with the company concerned. A final decision should be reached in the near future.

A reporter asked, In view of the fact that you are in charge of overseeing the military, if the price really is too high, will you approve the purchase? General Wichit said that his duty is to satisfy the needs of the military. His duty as defense minister is to submit various matters based on the military development plans to the cabinet for approval. If the air force decides not to purchase the G222 aircraft, they must have a reason. Because before this matter was submitted, it was considered very carefully. The present RTAF CINC urged him to submit this matter to the cabinet for consideration. He said that he has done his duty.

When asked if a letter has been sent to the air force ordering it to act in accord with the cabinet resolution, General Wichit said that the mass media can write the letter itself. Once the cabinet has passed a resolution, his duty is to inform the units that submitted requests. Acting in accord with the resolutions is normal. There is nothing special about that. If the air force cannot sign the purchase agreement, it will be up to the cabinet, because the cabinet regularly reviews the resolutions. He said that he tries to satisfy the needs of the military and ensure that everything is in order. As for the reports that he and the RTAF CINC disagree on this issue and that there is a lack of understanding between them, General Wichit said that that is not true and that he does not want to discuss that. [passage omitted]

As for parliament, Mr. Prachuap Chaiyasan, the secretary general of the National Development Party and a member of the 1995 Budget Subcommittee, talked with reporters about the statements made by Mr. Uthai Phimchaichon, the commerce minister, at a budget meeting concerning the purchase of G222 transport aircraft. He said that the statements made by the commerce minister were not very clear and that he tended to ramble. In order to save time, officials were asked to submit a letter in order to inform the subcommittee. The Ministry of Defense will be asked about this matter. Also, the issue of bartering fertilizer and rice with the Philippines was raised, too, but the information given was not very clear. He said that there are probably hidden factors involved. The subcommittee will ask the RTAF CINC to come discuss this further. [passage omitted]

*** Air Force Sources Comment**

94SE0208D Bangkok NAE0 NA in Thai 14 Jul 94 pp
1, 4, 94

[Excerpt] [Passage omitted] As NAE0 NA has reported, the cabinet approved the air force's purchase of six G222 transport aircraft at a cost of 3.4 billion baht. But the air force has not yet submitted a purchase confirmation letter to General Wichit Sukmak, the minister of defense. Because of this, General Wichit has had to send a secret official letter asking the air force to submit a confirmation letter as quickly as possible; otherwise, the air force will be regarded as having violated the cabinet resolution and as having failed to adhere to the weapons purchase plan.

On 13 July at air force headquarters, ACM Siriphong Thongyai, the RTAF CINC, talked about this matter. He said that action is being taken on this in stages. On 12 July, he ordered officials to finish things as quickly as possible. Officials are working very hard, but the air force isn't the only one involved. Negotiations must be held with Italy.

"We have been working even on holidays. But when we asked them about the price, which is being negotiated, the Italian officials said that they needed time to make a decisions and that they had to contact the companies involved to check the figures. We are doing our best, and we have kept the minister of defense informed. Much progress has been made. But people must understand that those companies have to study the figures that we have submitted," said ACM Siriphong. He also said that if the price of the parts was just 15 percent higher than that paid by the United States, he would have signed the contract a long time ago. "I want to sign the contract very much."

ACM Siriphong said that he has discussed the figures with many international companies and asked them what profit margin and transaction costs other companies would add on. Even though the Italian company has agreed not to charge interest on the cost of the G222 aircraft, the air force has calculated the price fairly. We have not sat by idly. When a decision is made, all the details will be disclosed. He said that he doesn't want to disclose anything at this time. That would not be good.

As for purchasing G222 transport aircraft, the air force feels that the price of many of the parts is too high. If we purchase this type of aircraft, we will have to purchase expensive parts. A committee chaired by Air Marshal Amon Naeomali, the deputy air force chief of staff, has been established to negotiate a price that is fair to both sides.

A military news source told NAE0 NA that at the monthly air force meeting, ACM Siriphong told senior air force officers that he feels uncomfortable about the purchase of these aircraft. The problem is the excessively high price. But if the air force does not purchase these

aircraft, it will be in violation of the resolution passed by the cabinet, which has already approved funds.

"If the problems can be solved, the contract can be signed in an hour, and I won't be in the position of defendant No 1," said the RTAF CINC to the officers.

The news source said that the RTAF CINC said that in order to explain his intentions to senior officers and to explain the policy that is being used in purchasing weapons. He is responsible for what happens and so he has to examine things carefully. Moreover, he is trying to maintain the interests and reputation of the air force.

The news source also said that the RTAF CINC told the senior officers that "I am very distressed by this, because the cabinet has already passed a resolution. But if we pay too much, that will be harmful to both the air force and the country. At first, I considered asking permission to use this money to purchase radar. But that is a different matter. Thus, this money would have to be returned to the treasury."

As for the government's policy regarding the military's purchase of weapons, the policy is to use a counter-trade system. When the Ministry of Defense expressed a desire to purchase these G222 transport aircraft, Mr. Uthai Phimchaichon, the minister of commerce, was asked to negotiate the matter with the Italian Government. It was agreed that Italy would sell Thailand six G222 aircraft at a price of 3.4 billion baht. Twenty percent of the purchase price, or approximately 700 million baht, would be paid with Thai goods, with the remaining 80 percent paid in cash in installments. Mr. Uthai negotiated to trade frozen chicken, para rubber, flour, ceramics, plastic toys, tennis shoes, and rubber gloves. [passage omitted]

* Deputy Prime Minister Suphachai Comments

94SE0208E Bangkok DAILY NEWS in Thai 15 Jul 94
pp 1, 11

[Excerpts] [Passage omitted] Even though the cabinet authorized the air force to purchase six G222 transport aircraft from Italy at a cost of 3.4 billion baht, the air force has not been able to do things in accord with the agreement, saying that the price of some of the parts is much higher than normal. The prime minister has intervened in order to solve this problem. [passage omitted]

Mr. Suphachai Phanitchaphak, the deputy prime minister, admitted that trade between Thailand and Italy is encountering many problems. But now that negotiations have begun, we should continue the talks. Thailand has now ordered ships from Italy. Thus, even if the agreement is voided, this should not be considered a loss or failure. He said that the air force probably wants more details about the agreement. Thus, no final decision has been reached, because the air force probably wants to discuss several points. Extending the negotiations will give the air force time to discuss things to the benefit of

both the government and the air force. This will not harm the Ministry of Commerce, which held counter-trade negotiations.

Mr. Suphachai said that the negotiations conducted by the Ministry of Commerce have served to inform Italy about Thailand's trade line. There are many other things that Thailand needs to buy. This will also provide data for discussion by the joint Thai-Italian trade committee. However, if the agreement does not suit the air force and it wants to void the agreement, then that must be done. It is hoped, however, that it will be possible to reach an agreement on the details.

A reporter asked if the Ministry of Defense has revised its criteria for purchasing weapons. The deputy prime minister said that the defense ministry is taking action on this. He said that earlier that day, he attended a meeting with army representatives and companies from Israel concerning the purchase of hand-held radios worth approximately 900 million baht. Representatives from the Ministry of Commerce attended the talks, too. The Israeli companies are prepared to purchase goods from Thailand, that is, they are prepared to engage in counter-trade. He said that he has also asked Israel to prepare a water control plan. Representatives from companies involved in this will visit Thailand to study this and discuss this matter with the National Water Policy Commission.

The deputy prime minister said that Israel will pay for the communications radios by building a plant to assemble 14,000 radios in Thailand. This does not include the license to assemble radios and sell them to other countries. And Israel will transfer technology. This will be investment by Israel alone.

General Wichit Sukmak, the minister of defense, talked about the request to review the purchase of aircraft because of the excessively high price. He said that there is no problem as far as the aircraft themselves are concerned. The RTAF CINC has always said that the G222 transport aircraft are very efficient aircraft. The problem is the price of the parts. As for the rumors that the minister of defense is unhappy about the fact that the air force has acted contrary to the cabinet resolution by not going ahead with the purchase, General Wichit said that he has coordinated things closely with the air force and that he has been kept informed at all times. How long this takes depends on the fact that the companies have to make a list of the parts that is consistent with the parts ordered.

Former Chief Claims Police 'Thief' Framed Him

BK2308132094 Bangkok BANGKOK POST in English
23 Aug 94 pp 1, 3

[Text] Former police chief Sawat Amonwiwat yesterday cried foul, saying he was framed by "a thief in the guise of a policeman".

Now an inspector-general in the Ministry of Interior, Pol Gen [Police General] Sawat is charged with negligence for allegedly allowing a distant relative, Sophon Piyarat, to escape prosecution in connection with the jewelry scam.

Pol Gen Sawat has kept a low profile since he surrendered to police last Thursday, but broke his silence before an army of reporters at his house in Lat Prao Soi 18 yesterday.

He said he had kept his mouth shut for a long time because he followed advice from His Majesty the King "not to bite with each other."

But he said his silence had caused the public to become suspicious.

"Therefore, I have to speak out to defend the honour and reputation of my family which is my legitimate right," he said.

Pol Gen Sawat said he had never before been placed under investigation for any wrongdoing and had never taken dirty money from brothels or gambling dens.

But he said he was persecuted by some politicians and framed by "a thief in the guise of a policeman who, in the past, used to fool the world with his fictitious crime story which had caused public confusion."

He declined to name "the thief" or elaborate whether the man is still in the police service.

He only said that if he disclosed the name "a lot of people will shiver."

The former police chief said he felt very unhappy and didn't understand what the police had been doing.

He said he was concerned because if he—as a police chief—was persecuted how could others be assured fair treatment.

He said he didn't want to mention the Saudi jewelry case again because news reports created confusion and brought more shame to the country.

Although he became the police chief two years after the jewelry case took place, he said some "ill-intentioned elements" wanted to jail him and destroy his reputation because of personal dislike.

Pol Gen Sawat recalled that when he was named police chief, Kriangkrai Techamong the Thai worker who stole the jewelry from a Saudi prince in Saudi Arabia, had already spent one year in jail and investigation about missing items of recovered jewelry had already completed some stages.

He said he appointed Pol Lt-Gen [Police Lieutenant General] Thanu Homhuan to head the probe into the missing jewelry.

Some missing items were recovered and a handful of policemen, including deputy commissioner of Central

Investigation Bureau [CIB] Pol Lt-Gen Chalo Koetthet, were charged with malfeasance in office, he added.

He said Pol Lt-Gen Thanu's team had encountered a problem in their probe when the Saudis could not give full details of the allegedly missing jewelry.

Even after he was removed as police chief, he said the Saudis still had no idea how many jewelry items were missing, but only knew that the recovered items did not match those which appeared on a video.

"Unfortunately, it was the fate of Thailand and also my own karma (fate) that I was dragged in to become an offender," he said.

A person, whom Pol Gen Sawat did not identify, and his underlings gave false information to the Saudi Embassy, said Pol Gen Sawat.

The former police chief said that on August 16, 1991, he sent a memo to Pol Lt-Gen Thanu instructing him to take legal action against any police officer or civilian found to be involved in the scam.

His memo was in the response to a report from Pol Lt-Gen Thanu that seven policemen including Chalo, and more than 10 civilians, including Sophon, his wife's nephew, were implicated in the scandal.

"Was such an instruction not clear enough?" asked Pol Gen Sawat in reference to the negligence charge against him for allegedly helping Sophon to escape prosecution.

Pol Gen Sawat pointed out that Pol Lt-Gen Chalo was then directly answerable to Pol Lt-Gen Bunchu Wangkanon, the CIB commissioner.

He said it was not possible for Chalo to report to him directly.

He questioned why a police probe team headed by Pol Gen Chan Rattanatham, the deputy police chief, did not take action against Bunchu or police chief Pol Gen Phao Sarasin, but instead charged him with negligence.

He said the Office of the Supreme Attorney General did not approve his arrest as requested by Pol Gen Chan because it would have implications on another related court case.

The former police chief also denied an allegation that he forged a petition seeking justice by Chalo to the interior permanent secretary.

He said he had ordered an investigation to find out who actually forged the petition.

And though he had no hard evidence to substantiate a case to the court, he was aware of the behaviour of the forger "whom I would like to call a thief in the guise of a policeman."

"I am unhappy and do not understand what my former subordinates are doing. I am concerned with the maturity of the police inquiry officers of the Police Department as a whole toward their responsibility for the people," Pol Gen Sawat said.

"If what I stated is true as you have seen from the evidence, I believe you will feel pity that if a person like me, who was very recently the police director-general, is persecuted.

"So how will junior police officers or the people be assured that they will receive justice from the police?"

He said the jewelry scandal would have been resolved had the police concerned been sincere.

But because several police officers were involved in the scandal, he doubted that the case would be settled gracefully.

Vietnam

Do Muoi Receives Thai Lower House Delegation

BK2308114394 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 22 Aug 94

[Text] At the invitation of the SRV National Assembly Foreign Relations Committee, a Thai Lower House's External Affairs Commission led by its chairman Dr. Krasae Chanawong visited Vietnam from 17 to 22 August.

The Thai delegation paid a floral tribute to President Ho Chi Minh at his mausoleum, and visited his home and office in Hanoi.

Party General Secretary Do Muoi and National Assembly Nong Duc Manh cordially received the Thai delegation.

The Thai delegation held talks with the Vietnamese National Assembly Foreign Relations Committee delegation led by its chairman—Hoang Bich Son.

The two sides briefed one another on the politico-socioeconomic situation in their respective countries, and expressed their wish to strengthen and further develop the friendship and cooperation between the two national assemblies and peoples on the basis of equality and mutual interest.

The Thai delegation also met with SRV Foreign Minister Nguyen Manh Cam, leaders of the people's councils and people's committees of Quang Nam-Danang, Thua Thien-Hue, and Ho Chi Minh City. The delegation visited a number of cultural and historical establishments in these localities.

Before leaving Vietnam, head of the Thai delegation Dr. Krasae Chanawong highly appraised the achievements of Vietnam in its renovation in recent years. He was confident that Vietnam will attain fine development in the politico-socioeconomic domain in the days ahead,

and asserted the wish to further strengthen friendship and cooperation between the two national assemblies and nations.

Thai ambassador to Vietnam Bunthan Manklang took part in the Thai delegation's activities.

The Thai delegation left Ho Chi Minh City for home on 22 August, concluding its official visit to Vietnam with splendid success.

'Senior' Officials Meet Australian Aid Delegation

BK2008154394 Hanoi VNA in English 1426 GMT 20 Aug 94

[Text] Hanoi VNA August 20—Vietnamese and Australian senior officials had a two-day meeting in Hanoi recently to review the implementation of Australia's aid programme for 1991-94 and work out plans to carry out the aid programme for 1994-97 in Vietnam.

The Vietnamese delegation led by deputy head of the State Planning Committee, Mr Vo Vong Phuc, and the Australian delegation by deputy general director of the Australian International Development Aid Bureau (AIDAB), Mr Tim Terrel attended the meeting which ended on Aug. 19.

In April 1992, the Australian Government declared to grant 100 million Australian dollars as aid to Vietnam for the 1991-94 period.

During his Vietnam visit in April 1994, Australian Prime Minister Paul Keating announced that Australia would continue to grant Vietnam 200 million Australian dollars as aid for the 1994-97 period.

Some major Australia-funded projects have been executed such as the training of 60 Vietnamese pilots and 620 students in Australia preparation for the building of four water-supply systems in the provinces of Ha Bac (in the north), Ha Tinh (central Vietnam) and Tra Vinh (the south) providing consultancy service for the construction of the trans-Vietnam 500 kv transmission line and helping Vietnam clear its arrears of IMF, etc.

In the coming time, the Australian Government will help Vietnam to conduct the projects being agreed upon by the two sides, especially the project on the construction of My Thuan Bridge in south Vietnam.

Rights Group: Jailed Monks 'Brutally' Treated

BK2208112094 Hong Kong AFP in English 1054 GMT 22 Aug 94

[Text] Hanoi, Aug 22 (AFP)—Four dissident Buddhist monks, jailed following clashes in Hue in 1993, have been the target of "cruel ill-treatment" in a reeducation camp in northern Vietnam, according to a Paris-based human rights organisation.

The Vietnam Committee on Human Rights said in a statement received here Monday that it feared for the lives of Thich Tri Tuu, Thich Hai Tang, Thich Hai Tinh and Thich Hai Chanh.

It said that since January the four had been held "in intolerable conditions" at Ba Sao camp 200 kilometers (125 miles) from Hanoi.

"They have been brutally beaten and continually harassed over past months and forced to do extenuating manual labour without respite," said the committee which said it had received an 'urgent appeal' from the monks' dissident United Buddhist Church about their treatment.

The committee said "on top of this cruel ill-treatment they are under a constant threat of violence from other convicts in Section B who are dangerous common criminals.

"We believe that the government deliberately placed these monks in Section B with the devious intent to suppress them by getting murderers to do their dirty work. We genuinely fear for their lives."

The monks were jailed for up to four years in November last year for their role in clashes between Buddhists and security forces in May 1993 in Hue. Their trial was held behind closed doors.

Last week the Vietnamese authorities detained another dissident monk, Thich Giach Nguyen, 30, following protests in Ho Chi Minh City.

Propaganda, Education Committee Chairmen Meet

BK2208144194 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 21 Aug 94

[Text] Some 300 delegates comprising provincial and city propaganda and education committee chairmen and representatives of bloc party committees, departments, sectors, and mass organizations under the direct management of the central government as well as of high-level retired cadres and local veteran revolutionaries attended a national conference of propaganda and education committee chairmen. The conference was held from 18-20 August 1994 in Da Nang City, Quang Nam-Da Nang Province.

The delegates were briefed by Comrade Nguyen Ha Phan, member of the Political Bureau and secretary of the party Central Committee, on the contents of the seventh party Central Committee's Seventh Plenum Resolution on 'Industrial and Technological Development Until the Year 2000 With the Aim of Achieving National Industrialization and Modernization and of Building the Vietnamese Working Class in the New Stage.'

Comrade Dao Duy Tung, member of the Political Bureau and the standing committee of the party Central

Committee Secretariat, presented a report on a number of theoretical issues relating to the formulation of the path to socialism in Vietnam. The aims of the report were to provide propaganda and education cadres with theoretical and ideological knowledge to assess and analyze the current national and international situation. It was also aimed at testifying to the correctness of the lines and resolutions adopted by the party in the framework of the renovation undertaking for materializing socialist construction and national defense goals.

Comrade Ha Dang, member of the party Central Committee and head of the party Central Committee Culture and Ideology Department, presented an evaluation report on the renovation of lecturer-related work since the Seventh National Party Congress. The objectives of the evaluation report were to contribute to enhancing the efficiency of ideological work and assess the results of this work in the first six months of 1994 and set forth future tasks.

The delegates unanimously concurred with ideological orientations and expressed the determination to fight against the peaceful evolution scheme of hostile forces, contribute to consolidating the all-people solidarity bloc, and make continued efforts to implement the party Central Committee's Third Plenum Resolution on Renovating and Revamping the Party, the party Central Committee's Fourth Plenum Resolution on Culture and Art, the Secretariat's Directive No. 08 on Management and Control over Press and Publishing Activities, and the Secretariat's Directive No. 11 on Diplomatic Activities.

Vu Oanh Reviews Education Development

BK2208163894 Hanoi NHAN DAN in Vietnamese 1 Aug 94 p 3

[Article by Political Bureau Member Vu Oanh: "Mass Mobilization Work and the Undertaking To Renovate and Strongly Develop Education"]

[Text] The party resolution on reforming mass mobilization work and strengthening the relations between the party and people defines the goal of the mass mobilization work as making the undertaking of national construction and protection a real cause of the people, by the people, and for the people. Uncle Ho said: "For the sake of a 10-year cause: planting trees; for the sake of a 100-year cause: educating people." Our party confirmed: "People are the target and main driving force of development. They take the central position in the strategy of socioeconomic development." Mass mobilization work must thoroughly understand this guidance, consider reform, and strongly develop education, which is an important and regular duty. We must motivate all social forces to record quick and firm victories by expanding education experiences accumulated from our national history and by selectively adopting advances from world civilization.

Our history of national construction and protection over 4000 years has created a Vietnamese culture of unique characteristics. Our predecessors adopted and expanded that precious culture and created conditions for our people to score great achievements, fight natural calamities, triumph over enemies who are many times stronger, and protect the stable development of our fatherland. In world history, many nationalities have been assimilated. Our people have experienced many ups and downs and many times of prolonged and harsh foreign domination, but we still stand firm and develop.

Great contributions from national heroes and men of culture such as Tran Hung Dao, Le Loi, Nguyen Trai, Nguyen Binh Khiem, Le Quy Don, Nguyen Hue, and Ngo Thoi Nhiem have glorified our fatherland and shown a miracle strength of the Vietnamese culture and education.

More than 200 years ago, Le Quy Don summarized socioeconomic development by saying: "There is no hero without intelligence, no prosperity without industry, no stability without agriculture, and no activity without commerce."

Under the Tran Dynasty, the adaptation of foreign culture was implemented together with the development of our traditional national values. This helped introduce the ideological quintessence of Confucianism, Taoism, and Buddhism into our education, thus meeting the diversified demands of political, cultural, and social life—including the delicate and complicated demand on religion and spirit—to create a strength in the national unity bloc. The people were happy and men of talent blossomed as recorded in the Great Vietnam History Book. And the consideration of culture and education as the first national policy led to the peak of a heroic period with triple victories over the invincible troops of Mongolian imperialism.

The 20th century has inherited that tradition and our people under the party leadership have set new records in moving first in the movement of national liberation. This has opened a new era for a Vietnam of peace, independence, freedom, unity, prosperity, and contributes to the social and cultural progress of the world. President Ho Chi Minh was venerated as a national hero and a great man of culture by UNESCO and the world, further manifesting the great victory of Vietnamese culture and education in this century.

In the current national renovation, once more, the creativity to overcome danger and the poverty of a nation with many thousand years of culture starts from rural areas and with peasants. Agriculture has risen and has combined with our party leadership to successfully implement the renovation outlined by the Sixth Party Congress. The renovation was further upgraded by the Seventh Party Congress and subsequent resolutions of the party Central Committee.

The party has confirmed major viewpoints: "Developing the education undertaking is to develop the human

factor, improve people's intelligence, train the human force, and foster the gifted people" and "Together with science and technology, education is considered a national priority."

Education has a great, significant function and role in bringing culture into the contents of development. We should implement the concept that "education must illuminate the path for national advancement," as taught by Uncle Ho.

Education promotes and brings culture into all areas of social activity development in society, where the people are masters.

Culture in politics and philosophy sets an orientation for society to attain an economic growth parallel with social progress and justice for the sake of a long-lasting development and happiness, and for the lofty ideal of socialism.

Culture in a state-run economy establishes the method, style, and ethics in production, business, and services.

Culture in science and technology helps develop the dynamism and creativity of mankind, community, and society, thus improving concepts, labor, and management.

Culture in artistic and literary works is a generalized activity that penetrates profoundly into the feelings of mankind and makes life more lively and beautiful.

Culture in lifestyle, an appearance of the daily life, contributes to forming the personality and behavior of men.

Culture in preserving the ecological environment makes men realize the importance of the integration between symbiosis and nature.

In summing up, forms of culture will be increasingly abundant and diversified.

It is essential to quickly compile and step by step perfect the set of national standard textbooks on the history of Vietnamese culture and on the quintessence of world culture. We must assert in these textbooks the Vietnamese people's spirit, the dignity and new value concept of the new Vietnamese people; point out the correct, beautiful, good, and useful side as well as the negative side of both traditional and modern culture. We must combine education with various new factors, examples, and models to create conditions for our education system to consistently absorb the vitality of our nation and that of the era so that we may take the lead in accelerating all areas of development while gradually forming an education system that can chart our nation's future. The future is not a thing that lies ahead waiting for us, but is what we create through our labor and creativity derived from education and efforts to bring culture into the contents of development. This will enable our people and nation to develop and preserve their traditional values while quickly absorbing various

new cultural values of the era which are being expanded, quickly enhanced, and creatively applied in the daily life.

Education should be provided to all citizens in all age groups as well as those who work for various sectors and branches in society. We must carry out a consistent education system, promote lifetime education, and provide education to people everywhere. We must combine study with practice, capability with ethics, intelligence with substance and good taste, and labor skills with concrete experiences and human resource factors. It is essential to closely integrate the environment and conditions of families, schools, society, and all mass organizations to find ways to improve the teaching and learning of languages and informatics and to strengthen vocational training. Efforts should be made to build models of new persons and of exemplary citizens, scientists, businessmen, managerial cadres, workers, chiefs of units, state employees, and owners of household economies. We should pay special attention to educating the people to live meaningfully in society, teach them how to learn and how to use their creativity while striving to train and foster our teaching contingent. The great poet Tagore said: "Educate a man and we have a good person; educate a woman and we have a good family, and educate a teacher and we have a good generation." We must provide pedagogical education for party members and cadres to enable them to strive to become a good friend, a competent student, and a capable teacher of the people, thereby enhancing the prestige of the ruling party and ensuring the vitality of our system.

The aim of education is to create new Vietnamese people conscience of self-education and self-improvement for the new standards of our cultural values to constantly improve the quality of their lives and social contributions for their own happiness and that of their family; for the material and spiritual civilization; and for national independence, freedom, unification, and stable development under the socialist direction.

About new personalities and cultural values: We must respect freedom and creative labor and love our family, community, country, and our people. We must be indomitable over all danger and challenges and strive for the noble socialist ideology. We must be philanthropic, forgivable, and law abiding. We must protect our environment and humanity and treasure correctness, beauty, and usefulness. We must be active in our renovation undertaking and in protecting and liberating our country from poverty and backwardness with our own efforts combined with national unity and the world civilization.

About organizing the new education: We need to socialize education and launch a widespread movement within the Vietnamese community in the country and overseas, as well as our friends throughout the world to strongly develop our education under uniform state management and in conformity with our practical development requirements and world progress. We must diversify different forms of education and classes,

including state, semistate, and private schools; a formal and non-formal educational system; and worksite, correspondence, and hobby courses. We should encourage self-education and sitting for certificate examinations of free students and gradually implement a new procedure in admissions examination, including admission for leaders and managers.

We must perfect the national education system for every educational level, class, and subject and complete the universality of primary education in a few years with good quality. We must proceed with setting up a new high school education level to ensure that graduated students are given good preparation for their life, work, or further education. We must broaden vocational education and provide professional skills with high-level vocational schools for technical and skilled workers, scientists, and specialists in service, language, and informatics.

We must accelerate selection and training in all forms such as organizing leading schools in different education levels, classes, and subjects. We will accelerate research studies abroad and in the country, expand scientific study, and introduce new technologies to our production. We must link school and education with vivid and practical developments in Vietnam and the world.

We will consolidate and develop education in ethnic minority areas and in difficult areas, and help children from poor families and social welfare recipients go to school. We will continue expanding and upgrading ethnic boarding schools.

We must provide jobs for graduates. We must treasure and provide proper treatment for people with good education and people who have rendered meritorious service to the nation. We must create a new driving force and wide public opinion on education.

Everybody must educate himself and provide education to others. This must be an action for every citizen, family, and organization in society. This is also an important and regular duty of the mass organization work.

Housing, Land Management Committee Set Up

BK2008143494 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 19 Aug 94

[Text] The government has decided to set up a steering central committee to assist in implementing policies on housing and residential land. Deputy Prime Minister Tran Duc Luong is the chief of the steering committee. Construction Minister Ngo Xuan Loc is the deputy chief of the committee.

The Construction Ministry is the standing organ of the steering committee. It is responsible for the following tasks:

—Organize the drafting of inter-ministerial circulars for the Ministries of Construction and Finance, pricing

commission, and the Government Office to direct the assessment of remaining value of houses.

- Issue decisions and regulations on housing management.
- Coordinate with the Geographical General Department to issue housing and land registration book and

forms to certify residential land ownership; issue guidelines on housing and residential land registration; and so forth.

Participating in the steering central committee are also representatives from the Geographical General Department and Finance Ministry and some specialized cadres.

Australia

Media Putting KR's Hostages' Lives 'At Risk'

BK2108111594 Melbourne Radio Australia in English
0900 GMT 21 Aug 94

[Text] A spokesman in Canberra for Australia's foreign affairs minister, Gareth Evans, said Australia agreed that direct approaches to the Khmer Rouge [KR] by the media were putting the hostages' lives at risk. The spokesman said these media approaches were providing a propaganda vehicle for the Khmer Rouge and were adversely affecting the Cambodian Government's efforts to secure the release of the hostages.

Evans on 'Differences of Opinion' With Jakarta

BK2308061494 Melbourne Radio Australia in English
0500 GMT 23 Aug 94

[Text] Australia says it will have frank exchanges with Indonesia over differences of opinion. Speaking at the start of the Australia-Indonesia ministerial forum in Canberra, the foreign minister, Gareth Evans, raised differences over East Timor, press freedom, and trade union rights.

[Begin Evans recording] The continuing unhappy situation in East Timor, as we all know, is one such issue and we do continue to hope, as I have said publicly on many occasions, that it will be possible, sooner rather than later, to implement the reconciliation strategy there involving major drawdowns of the military presence, more substantial recognition of the distinctive culture of this province, sensitive development of its economic potential, and hopefully some greater degree of political autonomy. Other such issues, as you well know, that have caused some international concern lately include the withdrawal of the licenses from the three mass circulation magazines and newspapers—TEMPO, DETIK, and EDITOR—and the arrest on criminal charges of the trade union leader, Pakpahan. [end recording]

Indonesia's Coordinating Minister for Industry and Trade Hartarto said differences would arise from time to time because of the differing values of the two countries. Mr. Hartarto said Indonesia was ready to discuss the issues raised by Senator Evans.

Article Comments on PRC's Entry Into GATT

BK1908112994 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 2 Aug 94 p 11

[Article by Tony Walker from the "World Opinion" section: "China's GATT Entry Fraught With Peril"]

[Text] Australia, as a trading power in the Asia-Pacific and with a big investment in the success of a liberalising China, has more than passing interest in the struggle

unfolding between Beijing and Washington over terms for China's re-entry to the General Agreement on Tariffs and Trade.

Judging by the tone of Chinese statements recently accusing the US of blocking its accession to the GATT and the World Trade Organisation [WTO] these negotiations are shaping as more than usually acrimonious.

On the Chinese side, issues of "face" (as in possible loss of face or humiliation) are involved since Beijing has made much of its determination to be an inaugural member of the WTO, spawned by the Uruguay round concluded in Marrakesh last April, and due to come into being early next year.

On the US side, stakes are also high with Washington determined that a "trading powerhouse" does not slip into the GATT without paying a heavy price in terms of further liberalisation of its trading regime.

Western officials involved in the GATT talks say they want to avoid at all costs a repeat of the Japan experience. "Nobody put Japan's feet to the fire and their closed trading system became institutionalised," said the representative of a leading GATT country.

Australia, which from all accounts played a fairly passive role in initial GATT discussions in Geneva, should have no difficulty backing the US position.

As a big agricultural exporter, Australia has every interest in seeing maximum pressure exerted on China to open its markets, both through a reduction in tariffs and also by the removal of non-tariff barriers.

Australia's difficulties securing a modest tariff reduction on exports of wool tops to China, and this only through the intervention of the Prime Minister in talks with senior Chinese officials last year, was revealing of Beijing's reluctance to introduce an element of competition to its agricultural sector.

In their approach to GATT issues, and there is scarcely a more important concern for Canberra than the evolution of liberal trading conditions in the region, Australian officials should be mindful of the fact that terms of trade with China have turned against Australia in the past five years.

In 1989, the trade deficit stood at just \$33.7 million. By 1993 the deficit soared past \$600 million; although Australia would have derived some encouragement from last year's figures which showed exports growing faster than imports.

At the heart of the argument between Beijing and Washington is China's demand that it be given the privileges of a less developed country entering the GATT. US officials argue, however, that it would be absurd to accord such concessions to a country that ranked 11th last year among world trading nations and whose exports have been growing at 24 per cent annually, and are

projected to grow by 40 per cent a year over the next five years. "China is not Chad or Bangladesh," said a US official in Beijing.

Managing China's GATT re-entry without bruising relations—China was one of 23 original contracting parties in 1949 before the communists came to power—is a challenge not only for Washington, but also for countries like Australia and New Zealand, and those of the European Union.

A successful conclusion of the GATT negotiations and China's accession to the WTO clearly would have implications for regional arrangements, including the Asia Pacific Economic Co-operation forum (APEC). If Washington and Beijing are at each other's throats over GATT it would not augur well for a successful APEC summit meeting in Indonesia later this year.

On the other hand, progress in the GATT talks due to resume in Geneva in September, would obviously help to harmonise exchanges in Indonesia. If a prime aim of APEC is to provide a liberalising framework for regional trade, then China's GATT compliance is an important element of this equation.

Helping China come to grips with the requirements of multilateral as opposed to bilateral negotiations provides a possible behind-the-scenes role for Australia as "facilitator". On present indications China has a lot to learn about the complexities of negotiating in a multilateral forum where bombast and bluster are not necessarily the best means of achieving progress.

The most difficult issues, according to Western officials intimately involved in the GATT talks on China's entry, are ones of "national treatment"; access for agricultural products; entry for services organisations such as banks and insurance companies; and the lack of transparency of China's trading rules.

Among these the "national treatment" issue appears at this stage the most vexed. Under GATT rules contracting parties are obliged to grant each other similar market access privileges, but according to frustrated officials involved in the GATT talks, "China wants to discriminate in favour of its own industries across the board."

This all does not mean that China with Jiang Zemin at the presidential helm has nothing to show for its efforts to become GATT-consistent over the past eight years since it began seeking re-entry in 1986.

By the end of last year, it had brought its average tariff level down from 39.9 per cent to 36.6 per cent. It has declared that its long-term goal is to bring the trade weighted average tariff down to 15 per cent, in line with most other developing countries.

Tariff cuts affected 2,898 items many of them raw materials or equipment in short supply in China. A reduction in the tariff on wool tops from 20 per cent to 15 per cent, the rate applying to greasy wool, was in this package.

But China has a long way to go in the point-by-point negotiation of a GATT protocol of infinite complexity. If the West, under pressure from a petulant China, gives in on core issues such as national treatment then the effects could be devastating for a new world trading regime.

Australia, no less than its partners in Europe and North America, has every interest in getting the terms of China's entry right. The Japan experience should not be forgotten.

Keating Says Embassy To Reopen in Lebanon

*BK2308061894 Melbourne Radio Australia in English
0500 GMT 23 Aug 94*

[Text] Australia is to reopen its embassy in Beirut by June next year. The prime minister, Paul Keating, announced the decision, saying the security situation there has now improved to such an extent that a reopening of the embassy was in order.

The Australian Embassy was originally closed in 1984 because of the deteriorating security situation. Mr. Keating says the move should help to foster links between the two countries.

[Begin Keating recording] So, I think the decision represents a confidence in Lebanon's future, a desire by Australia to provide an ease in the relations, particularly for those, as I say, quarter of a million Australians of Lebanese origin, and to underpin the fact that we want to see a better commercial and trade relationship with Lebanon.

Medical Contingent, Troops Leave for Rwanda

*BK2008113594 Melbourne Radio Australia in English
1100 GMT 20 Aug 94*

[Text] The main body of an Australian military contingent being sent to help relief efforts in Rwanda is on its way to the Central African nation. A combined force of medical contingent and a company of Australian troops flew from Townsville in north Queensland to join an advanced team which left earlier for Rwanda. Robert Dark reports from (?Cape Townsville) where the prime minister, Paul Keating, addressed the troops before their departure.

[Begin Dark recording] Paul Keating spoke of a sense of purpose to the Rwandan contingent in helping the victims of one of the worst tragedies of the 20th century. Mr. Keating said the Rwandan crisis had been brought about as a result of oppression, fear, and racism. It could be compared to Europe in the 1940's; Uganda and Cambodia in the 70's. [end recording]

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